Daily Report

Latin America

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FBIS-LAT-92-138 *17 July 1992*

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Cuba

Havana radio reports that Cuban delegate to ECOSOC Ivan Mora described the group's decision to "appoint a special rapporteur for Cuba" as a "political farce and unjust, discriminatory treatment" which "fundamentally violates UN procedures." Mora "rejected the imposition" of the special rapporteur and said Cuba "will not comply with...this monstrosity" which was recommended by the UN Human Rights Commission. The delegate stressed that "Cuba feels that this resolution is the legitimate result of the U.S. Government's efforts to intervene in Cuba's domestic affairs."

Peru

Lima Radio reports car bombs were detonated in an "attack by presumed subversives" against the police station at San Gabriel. Also attacked was the Mas Supermarket of Miraflores. Lima TV reports 13 persons were killed, over 100 wounded.

Venezuela

Caracas TV reports on President Perez's comments concerning his wish to attend the Ibero-American Summit in Madrid. Perez believes the summit is "a very momentous event" and Venezuela should attend. He stated, "When I came to power, Venezuela had already agreed to attend the summit, therefore it is the country's commitment." Perez "offered overwhelming arguments." "...trade, cultural, and social relations will be expanded there, in addition to development programs for Ibero-American countries.,"

Caracas TV reports that the Senate Foreign Policy Commission has denied Perez permission to travel stating, "conditions are not right." Senator Ramon J. Velasquez stated, "...the Venezuelan reality is that the social, financial, and economic situation for most Venezuelans has created a state of unprecedented crisis in the country. The presidential seat in Venezuela must be occupied by the head of state."

Brazil

Rio de Janeiro TV reports on President Collor's speech to the nation on the fiscal reform bill. Collor stated that the "fiscal reform is the crown of an entire process for Brazilian modernization which has as its bases the privatization program..." Collor described the main objectives of the reform bill submitted to Congress: "With these five objectives of the fiscal reform we should be able to improve the competitiveness of our economy, and the services the government provides in the social area."

Rio de Janeiro TV states that PC's secretary confirmed that she deposited money in the account of President Collor's secretary Ana Acioli. PC's secretary testified that PC called her and asked her to make a deposit in Acioli's account "but I do not know exactly when this occurred nor how much was deposited. He merely asked me to do it, but this happened only once."

Cuba

Rapporteur Appointment Called 'Discriminatory'

FL1607222392 Havana Radio Reloj Network in Spanish 2132 GMT 17 Jul 92

[Text] The decision of the UN Economic and Social Council [ECOSOC] to appoint a special rapporteur for Cuba is a political farce and unjust, discriminatory treatment, and it fundamentally violates UN procedures. That is what Cuban ECOSOC delegate Ivan Mora said after he rejected the imposition of the special rapporteur for Cuba, which was approved last night by that body by virtue of a recommendation of the UN Human Rights Commission.

This is the way the Cuban ECOSOC delegate Ivan Mora responded. We reiterate that we will not comply with this illegitimate resolution, with this monstrosity, Mora emphasized while expressing at the same time Cuba's willingness to continue cooperating with the United Nations in the field of human rights.

The Cuban diplomat stressed that Cuba feels that this resolution is the illegitimate result of the U.S. Government's efforts to intervene in Cuba's domestic affairs. Ivan Mora, the Cuban representative to ECOSOC, said that Washington is looking for new pretexts and motives for continuing its aggressive policy against Cuba in the current changing conditions in the world, where some of the justifications of the "cold war" lack credibility.

The diplomat denounced a whole series of technical points that were violated by the UN Human Rights Commission in Geneva and now have been ratified by ECOSOC. He warned that the resolution will add up to one more violation of the procedures and that while it is a discriminatory treatment imposed on Cuba today, tomorrow it could happen to any one of the countries present, especially the developing countries.

The decision was adopted by 25 votes in favor, four against, and 23 abstentions, after some delegations—including those of Cuba and Mexico—denounced what they described as a tendency to selectiveness and politicization of human rights issues.

Sugar Industry Minister Addresses CTC Leaders

FL1607135492 Havana Radio Progreso Network in Spanish 1100 GMT 16 Jul 92

[Text] Speaking before Cuban Workers Federation [CTC] leaders, Sugar Industry Minister Juan Herrera discussed the importance of the planting, weeding, fertilizing, and other cane-growing tasks that are being handled as priorities during these two months of July and August. Herrera pointed out that there can be no harvest without cane, and stressed that nothing is more important just now than ensuring that Cuba has the raw material to be ground during the next sugar-producing season, as well as getting a head start on the cane needed for the 1994 harvest.

On the industrial side, the sugar industry minister said the accent will be on those sugar refineries that had problems with installations, breakdowns, and interruptions.

Discusses Alternate Bean Plans

FL1607140292 Havana Radio Progreso Network in Spanish 1100 GMT 16 Jul 92

[Report by Diosdado Maso]

[Text] Sugar Industry Minister Juan Herrera Machado assured us in a speech that in addition to the overriding task of producing the sweet stuff, sugar sector workers propose to further the country's aspirations toward self-sufficiency through the growing of beans. Herrera also reported that 2,000 caballerias of beans will be planted in cane areas as of next September—black beans, red beans, and the beans called "carica" beans. Regarding the last, the minister explained how beneficial this variety of bean is to the land on which it is grown, for it gives the soil nutrients. "Carica" beans, alternated with cane, renders the harvest more difficult, however, because it is a bean that climbs and winds around the cane stalks. Cane growers have traditionally planted beans among the cane in lands that are mostly for winter planting. Outstanding in this practice are certain sugar plantations in Las Tunas, Granma, Camaguey, Havana, and Pinar del Rio Provinces.

In another part of his speech to the nation's labor union leaders, the Sugar Industry minister, who is also a member of the Central Committee of the Communist Party of Cuba, discussed the planting of soybeans, a responsibility entrusted to that sector a few months ago. The experimental soybean planting, assigned to the country's cane farmers, has increased to 550 caballerias. This plan is aimed at obtaining seeds for expanding the soybean-growing areas in the future and obtaining from their production, part of the oil that our population needs. To this initial, experimental, soybean crop plan is to be added—in April, May, and June of next year—the planting of soybeans by cooperatives and agricultural-livestock production brigades.

Galician Donations Arrive Aboard Cuban Vessel

FL1607173892 Havana Radio Progreso Network in Spanish 1100 GMT 16 Jul 92

[Text] A shipment of donations for Cuba from the Galicia area of Spain arrived in our country on 15 July aboard the Cuban merchant marine ship Mar Oceano. The shipment contains all the elements needed to build Galicia Square [La Plaza de Galicia] in Cerro Municipality, Havana City Province.

Present at Havana's fishing-vessel port, where this Cuban ship moored, were Council of Ministers Vice President Jose Ramon Fernandez, Fish Industry Minister Jose Fernandez Cuervo [name as heard], and Domestic Trade Minister Manuel Vila Sosa.

The shipment that arrived in Cuba consists of three loads: one weighing more than 100 tons sent by the Galician Assembly, composed of everything necessary to construct the Galicia Square; and two more loads from the Galician Trade Ministry and the Galician executive committee proper. The latter two loads included powdered milk, clothing, tires, some medicine, and other goods for home use.

Galicia is an autonomous Spanish region.

Tour Reflects Christian-Marxist 'Rapprochement'

FL1607164592 Havana Radio Progreso Network in Spanish 1100 GMT 16 Jul 92

[Report by Santiago de Cuba correspondent Ernesto Media Aldea]

[Text] As part of the process of rapprochement between Christians and Marxists that is unfolding throughout our country, representatives of 10 evangelical churches in eastern Cuba have taken an extensive tour of the sites of various social and economic accomplishments in Santiago de Cuba Province. At the (Holo Santoja) Hospital in Contramaestre, these clergymen had a meeting with Esteban Lazo Hernandez, a member of the Politburo and first secretary of the Communist Party of Cuba in Santiago de Cuba Province, with whom they discussed topics of general interest to our population.

During the tour, these clergymen from eastern Cuba visited the site of the tuber crop project in Baire and the settlements of the "Martyrs of Barbados" contingent. Also, in the town of Maso, they learned of the achievements of the people's council of government. The clergymen then visited the sites of different objectives of social and economic interest in Palma Soriano and San Luis Municipalities—among them agricultural projects, egg production projects, and a variety of social works aimed at producing well-being for all our people.

This is Ernesto Media Aldea in Santiago de Cuba.

Commentary Urges All Cubans To 'Close Ranks'

FL1607155692 Havana Radio Progreso Network in Spanish 1100 GMT 16 Jul 92

[Commentary by journalist Nestor Nunez]

[Text] Good morning, friends. These days, we are very clearly talking about a particular kind of unity, the unity of all truly patriotic Cubans who are capable of transcending philosophical lines and shaking hands in order to confront these difficult paths we need to tread, and to emerge victorious into the future. It is not a venture for opportunists.

To speak of unity implies responsible, sincere convergence, an end to all partisan dogma. It entails burying resentments, reservations, and misunderstandings for good, in search of a climate of complete frankness, where the only thing that matters is furthering the collective interest to survive and progress. There is no other option.

Luckily, we Cubans are not a people to hold back when it comes to frankness and true understanding. During these difficult times, when unity has been put to the test and is acquiring new shades of meaning among all who understand that supreme interests are at stake, there are no valid reasons to place personal sensitivities above these interests.

The nation's laws are accordingly beginning to be adjusted to the realities of life. We are working to reform the Constitution to expand it; to better define everyone's rights and duties; and to make our system more democratic, with the confidence that the masses of Cuba are—and always will be—the main actors in, and guarantors of, the national life and the nation's future.

This, then, is the direction in which we are heading, and this is undoubtedly making us, and will undoubtedly continue to make us, stronger and more secure. Today's world has, through its history lessons, set guidelines that we cannot ignore without running the risk of paying dearly for it. One of those history lessons is that, in view of the synchronization by the forces of imperiousness that is taking place on a worldwide scale, all that unites is vital, while all that divides serves only the enemy's purposes. Cuban history, to which we should turn everyday, moreover teaches us, simply, to close ranks. To do so is undoubtedly to know how to conquer the future.

This is Nestor Nunez for "A Primera Hora."

Power Outages Remain in Effect Until 31 Jul

FL1707014592 Havana Radio Rebelde Network in Spanish 2300 GMT 16 Jul 92

[Report by Arturo Mora de la Cruz on the "Exclusivo" program]

[Text] As of 1400 on 16 July, Havana's scheduled power outages have begun. The first time period is from 1400 to 1700, the second is from 1700 to 2000, and the third is from 2000 to 0000. The municipalities have been grouped into the following blocks: Block No. 1 includes Marianao, La Lisa, and Playa Municipalities; Block No. 2 covers Boyeros, 10 de Octubre, and Arroyo Naranjo Municipalities; Block No. 3 includes Plaza and Cerro Municipalities; Block No. 4 includes Centro Habana and La Habana Vieja Municipalities; and Block No. 5 is composed of Guanabacoa, Regla, Cotorro, San Miguel del Padron, and La Habana del Este.

The adjustment to the consumption plan being carried out by the state sector in the capital, together with compliance with the assigned plan by every household, will make it possible for our province to remain within the assigned energy parameters. For this reason, it is vital that every consumer of electricity in Havana City use the

available energy rationally and keep in mind that this power outage program will remain in effect until 31 July.

The schedule within the week is as follows:

Block No. 1: Marianao, La Lisa, and Playa; on Mondays and Fridays from 1400 to 1700; on Tuesdays, Wednesdays, and Saturdays from 1700 to 2000; and on Thursdays from 2000 to 0000.

Block No. 2: Boyeros, 10 de Octubre, Arroyo Naranjo; on Thursdays and Fridays from 1400 to 1700; on Mondays and Tuesdays from 1700 to 2000; and on Wednesdays from 2000 to 0000.

Block No. 3: Plaza and Cerro; on Wednesdays, Thursdays, and Saturdays from 1400 to 1700; on Mondays and Wednesdays from 1700 to 2000; and on Tuesdays from 2000 to 0000.

Block No. 4: Centro Habana and La Habana Vieja; on Tuesdays, Wednesdays, and Saturdays from 1400 to 1700; on Thursdays and Fridays from 1700 to 2000; and on Mondays from 2000 to 0000.

Block No. 5: Guanabacoa, Regla, San Miguel del Padron, Cotorro, and La Habana del Este; on Mondays and Tuesdays from 1400 to 1700; on Wednesdays, Thursdays, and Saturdays from 1700 to 2000; and on Fridays from 2000 to 0000.

There are no power outages scheduled between 2000 and 0000 on Saturdays, and no outages are planned for Sunday either. Any electric service interruptions in Havana, other than those contained in the schedule above, will be the result of an unforeseen situation which could happen for two reasons: first, broken lines, switches, or transformers in the system; and second, an unforeseen deficit in the power generating capability of the national eletricity system.

The managers of Havana City's basic electric organization stress the importance of keeping consumption within the assigned quotas for every state sector factory and every home of the residential sector as the only way of minimizing these annoying outages.

Phase III of SUVP Exercise To End 24 Jul

FL1607185992 Havana Radio Reloj Network in Spanish 1402 GMT 16 Jul 92

[Text] After visiting Pinar del Rio Province, the national staff of the Student Labor Brigades [BET] declared that the BET's work in Pinar del Rio Province has been positive. The group visited the camps of mobilized students and, through talks with the young people, learned about housing conditions and maintenance, and particularly noticed the students' joy at feeling useful.

Another report from Pinar del Rio explains that phase III of the exercise entitled "Insomniacs" [Insomne] will end on 24 July, after a number of tasks aimed at perfecting the United Vigilance and Protection System [SUVP] will have been carried out.

Execution of this exercise allows us to make sure that recommendations made during previous phases have been implemented, and establishes the work being done as a priority by the Ministries of Agriculture and Sugar Industry.

Haiti

Ministers Hold News Conference on 15 Jul

FL1607205592 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 16 Jul 92

[Report on a news conference by National Education Minister Max Carre; Planning Minister Jean-Andre Victor; Public Works, Transportation, and Communications Minister Jean-Carmelo Pierre-Louis; and Commerce Minister Saedel Laine at the National Palace in Port-au-Prince on 15 July]

[Excerpts] Six major points were covered in the meeting held by the ministers at the National Palace on 15 July. These six major points include: the organization of the 1992 baccalaureate exams, the commencement of the emergency program, the creation of a secretariat aimed at ensuring the liaison between the parliament and the executive, the formation of a (?joint) committee between the Ministry of Justice and the Army on drugs in the country, the next visit of a group of American businessmen in Haiti, and the file on the celebration of the 500th anniversary of the discovery of America.

In a news conference held after the Council of Ministers meeting, National Education Minister Max Carre, who was talking about the organization of the baccalaureate exams, said the 1992 baccalaureate presents five major challenges: the greater number of candidates this year, all the organizational activities are concentrated in the capital, the outdated structure for the preparation of the baccalaureate exams, and the difficulties present in the methods for the processing and the distribution of the exams. [passage omitted]

As regards the emergency program, the Public Works, Transportation, and Communications [TPTC] Minister Jean-Carmelo Pierre-Louis announced that as part of this program, which will begin this month, it is proposed that the ministry will repair 50,000 square meters of road in the capital. Pierre-Louis, who thinks a period of three months will be sufficient for the realization of the road repairs in the capital, also spoke of a project which the TPTC will set up in order to have the drainage networks in Port-au-Prince cleaned to avoid flooding and to protect the population's health. The TPTC minister did not say exactly when all these works will begin, but he pointed out that within 22 days after the beginning of this program in the capital, it will also begin in the

provinces. Jean-Carmela Pierre-Louis stated that this program will allow several thousand people to obtain jobs.

During the same news conference, Planning Minister Jean-Andre Victor announced the creation of a secretariat that will serve as a liaison between the parliament and the executive. Victor said this secretariat is necessary because it will facilitate dialogue between these two state powers and will also allow for the solutions of any problems that might occur in relations between the executive and the legislative.

Another person, who spoke at yesterday's conference, was Commerce Minister Saedel Laine who announced the visit of a group of investors interested in resuming their activities in Haiti. On that point, Minister Laine announced that on 20 July approximately 20 American businessmen will come to Haiti. The commerce minister further said that these investors have already acknowledged the consensus government and that they are coming to negotiate the conditions for the resumption of activities in their factories, which were closed or were transferred to other countries. The commerce minister therefore thinks that industrial activities will resume in Haiti when he considers the influence this group of businessmen may have on the U.S. Congress and other American businessmen.

He explained that this group of businessmen were very interested in resuming their activities in Haiti. In conclusion, the planning minister spoke again to say that the consensus government will not be able to participate in the preparations being made for the celebration of the 500th anniversary of the discovery of America. Minister Jean-Andre Victor said the government does not have enough time nor enough money to participate in that celebration. It is, however, ready to support the efforts of everyone or all groups of people who have plans to celebrate the 500th anniversary of the discovery of America.

Deputy Astrel Charles Murder Trial To Begin

FL1607130892 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 16 Jul 92

[Italicized passages in French]

[Excerpts] The Justice Department in Grande Riviere du Nord will try the accused murderer of Deputy Astrel Charles tomorrow, Friday 19 July [date as heard], according to an official of the Chamber of Deputies follow-up committee, Deputy Gerard Evanns Beaubrun.

According to the results of an inquiry conducted by the General Headquarters of the Haitian Armed Forces last December, the deputy was apparently killed by a section chief named Ileome Pierre. Deputy Beaubrun adds that Ileome Pierre asserted that he killed Charles because he was trying to disarm him.

[Begin recording] [Unidentified correspondent] [passage omitted] Will a delegation from the Chamber of Deputies attend the trial?

[Beaubrun] Yes, there is a delegation that is supposed to [pauses] that must [rephrases] that will travel. It will attend the trial in Grande Riviere du Nord. We asked parliament to support the action of the public prosecutor, but as several members of parliament did not quite agree to become involved with the public prosecutor, what we will do is support parliament, and the parents of deceased Deputy Astrel Charles in the trial. *Astrel Charles' parents will have a lawyer to defend their interests and—I believe—the interests of the parliament as well.* [end recording]

Deputy Astrel Charles was killed by gunshot wound on 15 December 1991 in his district, Ranquitte Baron La Victoire. Charles was a member of the justice committee of the Chamber of Deputies.

Barrio's Chihuahua Victory 'Clear and Honest'

PA1507203792 Mexico City XHTV Television Network in Spanish 1300 GMT 15 Jul 92

[Report by Raul Sanchez Carrillo in Michoacan and Juan Manuel Pereira in Chihuahua]

[Excerpts] The latest figures revealed by the State Electoral Committee in Michoacan show the results of the gubernatorial elections held on 12 July. A tally of 89.90 percent of 3,632 polling tables reveal the following figures: National Action Party [PAN], 47,662 votes; Institutional Revolutionary Party [PRI], 370,584 votes; Party of the Democratic Revolution [PRD], 253,391 votes; Cardenist Front for National Reconstruction Party [PFCRN], 19,185; and the Authentic Party of the Mexican Revolution [PARM], 8,703.

Regarding the elections for deputies, 88.65 percent of the polling tables have been tallied, meaning 3,202 out of 3,632 tables. The results are as follows: PAN, 56,349 votes; PRI, 359,375 votes; Popular Socialist Party [PPS], 3,966 votes; PRD, 241,773 votes; PFCRN, 12,804 votes; and PARM, 9,156 votes. [passage omitted]

Official, although partial, figures revealed by the Chihuahua State Electoral Commission show PAN has a clear lead and confirm Francisco Barrio Terrazas as the virtual winner of the state gubernatorial post. The commission revealed preliminary results for 55.80 percent of the polling tables. The results are as follows: PAN, 214,350 votes; PRI, 180,291 votes; PPS, 1,242; PRD, 6,695 votes; PFCRN, 1,622 votes; PARM, 808 votes; and the Committee for the People's Defense, 6,288 votes. This represents a total of 411,768 votes. The state commission's figures generally coincide with the PRI and PAN computer centers. Likewise, the PRI said not all has been lost, adding that it has won at the municipal level. The PAN has recognized this. According to the state electoral law, the commission is scheduled to confirm the information on 15 July. The commission will reveal results at municipal levels, and results at the congressional and gubernatorial levels will be revealed on 19 July. Both the PRI and PAN have agreed that the appointment of Francisco Barrio Terrazas to the Chihuahua governorship was clear and honest.

Panama

IDB Loans of $96.8-Million To Be Reactivated

PA1607214492 Panama City EL PANAMA AMERICA in Spanish 16 Jul 92 p 1A

[Article by Carlos Vargas]

[Text] Guillermo Ford, minister of planning and economic policy, and Enrique Iglesias, president of the Inter-American Development Bank [IDB], will sign documents in Washington for the reactivation of seven loans to the Republic of Panama totaling $96.8 million, a press note from the Ministry of Planning and Economic Policy reported on 15 July.

The documents for the long-term loans will be officially signed on 17 July at IDB headquarters in Washington.

Minister Ford said the reactivation of loans approved by the IDB Board of Directors at its 16 July session will allow the Panamanian Government to appropriate more resources for education, health, transportation, and energy and to study alternatives for the Panama Canal.

Ford announced that several projects to be financed with the loans are already being implemented through a mechanism called the "advance payment of funds."

He said a $34.4-million plan to improve and expand systems to generate, transmit, and distribute energy is currently under way.

Referring to education, Ford said $20.1 million are being channeled to improve the education system at high schools and elementary schools.

Ford emphasized that the Foreign Ministry will use $7.2 million to study alternatives for the Panama Canal.

Early this year the IDB disbursed the $130 million withheld from Panama since 1988 because of its failure to pay interest on its debt with international financial institutions.

'Massive Numbers' Resign From Leading Parties

PA1607202392 Panama City EL SIGLO in Spanish 16 Jul 92 p 2

[Report by Yali Enrique Pitti]

[Text] Electoral Tribunal statistics reveal that large numbers of Panamanians registered with the Nationalist Liberal Republican Movement [MOLIRENA], Christian Democratic Party [PDC], Liberal Party [PL], Arnulfist Party [PA], Democratic Revolutionary Party [PRD], and Authentic Liberal Party [PLA] have resigned, and the numbers have increased in recent months.

There have been 249,183 resignations of citizens who, for various reasons, have deserted the ruling and opposition parties.

Statistics show that as of 17 June 1992, more than 100,000 citizens have resigned from the PRD; 32,222 from the PL; 17,816 from the PDC; 17,843 from MOLIRENA; approximately 46,662 from the Labor Party [PALA]; and 14,260 left the Authentic Liberal Party [PLA].

Electoral Tribunal statistics reveal that only 7,129 resignations have occurred within the PA, the president's political party, although PA President Mireya Moscoso de Gruber admitted the party is losing many members due to the current government's lack of solutions.

Moreover, the Electoral Tribunal's statistics show the PDC had 39,785 members in 1989, but given the wave of resignations, there are currently 19,664 Panamanians registered with the PDC. This proves that both the PDC and the parties that comprise the ruling coalition are quickly losing their political strength.

Although there are massive numbers of resignations from legally registered parties, the Panamanians are interested in joining new political groups such as Papa Egoro, which currently has 26,983 members; National Unity Mission, with 24,493 members; Doctrinaire Panamenist Party, 25,451 members; National Integration Movement, 7,529 members; Authentic Radical Party, 369 members; and Independent Democratic Party, 8,696 registered members.

Argentina

Menem Pledges To Conduct Official Investigation

PY1707001192 Buenos Aires BUENOS AIRES HERALD in English 16 Jul 92 p 1

[Text] (NA-DYN)—President Carlos Menem said yesterday he was "politically committed" to carrying out an official investigation into the disappearence of children during the military regime.

In the first meeting Menem held with the Grandmothers of Plaza de Mayo since he took office in 1989, he also promised to return the Human Rights Department to the status of undersecretariat.

After the interview, Grandmothers President Estela Carlotto told the press that Menem pledged to search for whatever remaining files of illegal repression might provide facts about the children still missing. Carlotto said she left the meeting "satisfied and hopeful."

Carlotto, who was accompanied by Rose Roisinblit and Nelida Navajas, said that they handed Menem "some evidence and places where they can start investigating," but admitted that "the job ahead is very difficult."

According to Carlotto, Menem said the Armed Forces and the Defence Ministry have already reported that all documents regarding illegal repression committed during the military dictatorship had been destroyed before handing over power to the democratically elected government of Raul Alfonsin.

The Grandmothers of Plaza de Mayo gave Menem a four-page petition demanding a thorough investigation into the cases of hundreds of children either kidnapped with their parents or born in captivity in the dozens of concentration camps where military and para-military forces tortured and killed prisoners in the second half of the 1970s. "We have reports of 213 cases, but we suppose there are more than 500," Carlotto said.

* UCR Leader Storani Views Corruption Issues

92SM0472A Buenos Aires SOMOS in Spanish 1 Jun 92 pp 40-42

[Report by Laura Ayerza: "Federico Storani at Oxford"—first two paragraphs are SOMOS introduction]

[Text] Alone on a bike in the early evening, he rides through the streets of Oxford. He stops at a pub to have a beer, takes a short rest, and then heads home. These days, home means the books and libraries of the famed English university, to which he has unrestricted access as a "senior member" of St. Anthony College.

Ever since the British Council and the British Embassy in Buenos Aires invited him to Oxford, Federico Storani has distanced himself from political activism and its frenzied pace. Now he spends his time contemplating the world's global situation from a different point of view: the one he gets from the political science courses taught in this privileged corner of the First World.

[Ayerza] Are you studying as a preparation for the Presidency?

[Storani] (Laughing) I do not think I would have to study at Oxford for that. But it is very useful for me to obtain information about topics related to the state, especially concerning developments in Latin America. Now that I am outside the whirlwind of politics, I can observe and study things more carefully.

[Ayerza] How long will this experience last?

[Storani] Theoretically until the end of June, but I am going back earlier because I have been one of the strongest supporters of Fernando de la Rua's campaign and I want to travel with him during the last 20 days of the campaign. This is important because it will provide an opportunity to draw up a political report card on the government's performance.

[Ayerza] Corruption continues to be the leading issue. Does this bother you?

[Storani] Naturally, because I think the government is doing everything possible to not avoid corruption. Furthermore, I think the government says one thing and does another. While each year the president reports to Congress that he is working to root out corruption, he has at the same time created a slavish court that has issued some disgraceful rulings. He has abolished the Court of Accounts and has reduced the National Investigation and Prosecution Office to the status of a decorative object. They should start by realizing that you fight corruption by operating within a state of law.

[Ayerza] The government's argument is that by privatizing public enterprises, you put an end to the causes of corruption.

[Storani] Just a minute. Let us think that the state reform, which is necessary, may have different purposes. The amount of resources obtained may be used to pay the foreign debt, for productive investment, or go into the black pit of personal gain. Billions and billions of dollars are involved in the privatization process, and if there are no control mechanisms it is very hard to limit episodes of corruption. This is something that the government has done absolutely nothing about.

[Ayerza] Because it does not know what to do, because it does not want to, or because it cannot?

[Storani] I think largely because it does not want to do anything, because it has the power to act if it wanted to. The party running the government has a majority in the Chamber of Deputies, its own majority in the Senate, broad majorities in provincial legislatures, and in addition, a slavishly loyal Supreme Court that says whatever the government wants it to say.

[Ayerza] Let us assume that you were president and had to appoint your minister of the economy: Cavallo or Grinspun?

[Storani] Neither of them.

[Ayerza] What do you think of Cavallo?

[Storani] Out of the entire Argentine administration, I think he is the man with the most prestige abroad.

[Ayerza] That has to count for something, does it not?

[Storani] He is intelligent and well-prepared, but I have two major criticisms to make of him. Under pressure, he shows his authoritarian nature; I saw that in him even when he was a deputy. He is also extremely ambitious and individualistic, something he cannot hide.

[Ayerza] So politicians in general are not ambitious?

[Storani] Yes, but some of us have more awareness of the times we live in and the consequences a measure may entail.

[Ayerza] Do you think Cavallo has little social sensitivity?

[Storani] He has little sensitivity. In fact, his program has an extremely high social cost, and I do not believe that he is overly concerned about that. And for that very reason, in macroeconomic terms he has achieved the objective he wanted: price stability and a certain order in Argentina's accounts.

[Ayerza] Will it last?

[Storani] That stability is somewhat fictitious. We have a definite exchange gap with extremely high production costs. With these production costs we cannot bring Argentina into the world economy, as he wants. On the contrary, we have now had a deficit in the balance of trade for four months, which we did not have in the past. And we also have income levels that are clearly much lower than in the world's leading cities. This means that the cost of living in Buenos Aires is more expensive than in London. That is totally absurd.

[Ayerza] I see that you do not believe in the free market....

[Storani] I do believe in it, but not in absolute freedom. Even here in Great Britain we hear every day that the free market is not absolute. For example, the free market is not going to protect the ozone layer. If there are no planned policies for protecting the environment, for promoting specific types of investment, for creating savings and production, the market cannot do those things all alone.

[Ayerza] Would you say that we are passing from an extreme of state superinterventionism to the naivete of believing in the kindness of the Phoenicians?

[Storani] (Laughing) Something like that. But I want to tell you that Latin America's problem is not that we have big states, but states that are too weak to set the rules of the game. Now if I were to compare the privatization of the telephone system in the United Kingdom with what has been done in Argentina, I would have to say that what Thatcher did was a Soviet-style measure alongside with ours. She spent five years doing what Argentina did in five months. The results are visible: ENTEL [National Telecommunications Enterprise] was sold at a loss. It was a leap into the void. Great Britain has a precise and strict system of regulations and an oversight agency to avoid monopolistic concentrations. In our country, there is no regulatory system, not even to set public rates. This means that we have made a poor imitation even of those models that appeared to be more liberal.

[Ayerza] Then why is it that outside Argentina articles are being published praising Argentina's situation and the government's efforts?

[Storani] They are praising the stability achieved after situations of dangerous hyperinflation. And that is all. The rest of what is being written consists of questions about how this will continue.

[Ayerza] Still, investors are looking at Argentina favorably.

[Storani] Forgive me, but I think that there is a naive illusion in Argentina about the possibility of foreign investment. In Europe, there is no talk of major investments pouring into our country. And while there is some confidence in the Cavallo group, there are also severe doubts about Carlos Menem's image.

[Ayerza] In what sense?

[Storani] The doubts concern his lack of respect for a state of law, corruption, and some of the president's eccentricities.

[Ayerza] Domestically, things do not seem to be viewed in the same way. Why do you think the Justicialists won the September 1991 elections?

[Storani] I think because with stability, they managed to make enough noise, running a strong campaign, to cover up everything, including corruption. That campaign seemed even stronger because, I will admit it, the Radicals were unable to offer any other alternative. At that time, in the best of cases, we had five things to offer: what Alfonsin would say, what Angeloz would say, what we would say, etc. In summary: What got out to the people was nothing, just a lot of confusion. Which of those voices would prevail if the Radicals were voted in?

[Ayerza] It might be said that the same thing is still going on.

[Storani] Since the expected political transition, my movement has always insisted on the need to create forums for debate enabling the UCR [Radical Civic Union] to have, at least in a general way, an alternative

platform to offer in place of Menem's economic and social model. An alternative that puts an end to situations that are beginning to be perceived as "normal," like the crooked deputy and some other instances of corruption. And an alternative that goes beyond simply criticizing the government's mistakes.

[Ayerza] Whom do you think Menem represents?

[Storani] The establishment is pleased with the present model and it is totally tolerant. While they used to view Menem in one way, now they see him as the blue-eyed, fair-haired leader. And all his irregularities or eccentricities seem to be amusing and elegant. No doubt Menem represents the interests of the establishment.

"If I Were President"

SOMOS asked what he would do if he were president, to which Federico Storani replied as follows.

[Storani] I would not continue the privatization process like someone selling off his grandmother's jewelry. Privatize, yes, but keep a significant portion of those resources for investments in health, science, technology, education, and industrial revitalization.

Enact a clear tax reform so the adjustment can be sustained in a more moral and equitable way. Today the system is unjust: There is a general 18 percent VAT [value-added tax], while the tax on profits is 0.25 percent. That is ridiculous.

Design an industrial strategy. Without that, stability becomes an end in itself, as has been happening in Bolivia for the past six years. They have stability while living in poverty.

Pursue an aggressive policy in education, science, technology, culture, and health.

Develop an international position without "carnal relations." Work to expand Mercosur [Common Market of the South], and in this context reach a bilateral settlement with Chile providing access to the Pacific. That would greatly reduce freight costs in the provinces. Put an end to our naive policy of giving ten when they ask for five, thinking that in this way we will later reap some economic advantage.

* PJ's Constitutional Reform Proposal Outlined

92SM0473A Buenos Aires LA PRENSA in Spanish 3 Jun 92 pp 1, 6

[Text] The most important changes in the Constitution proposed by the Justicialist Party [PJ] include shortening the presidential term to four years with the possibility of being reelected once, eliminating the provision that a candidate must be a member of the Roman Catholic and Apostolic Church to be chief of state, and reducing the term of senators to six instead of nine years.

The proposed changes also cover the elimination of the electoral college in the choice of the president and vice president, as well as the direct election of the intendant of the City of Buenos Aires. It is also proposed that ordinary sessions of Congress will be held between 1 March and 30 November every year.

Following are the most important points in the PJ proposal.

Legislative Branch

- Direct election of deputies of the nation and senators from several provinces.
- Reduction of the term of senators to six years, with the reelection of one-third of the Senate every two years and unlimited possibility of reelection. The term of deputies remains four years.
- Elimination of the requirement that a person must have an annual income of 2,000 pesos in hard currency or its equivalent to be elected senator.
- Loans: Laws on loans and foreign credit operations that must be limited to a percentage of the resources provided under the budget law are incorporated into the Constitution.
- Political Trial: members of the Office of the Controller General of the Republic and of the Office of the Public Defender are added to those who are subject to political trial. Judges of the various lower courts are no longer subject to political trial.
- Ordinary sessions of Congress will be held from 1 March to 30 November of each year.
- Among the powers of Congress is the possibility of providing benefits to the various regions of the country derived from import and export duties.
- The term in the Constitution, "subject to the principle of citizenship by birth," is eliminated.
- It is provided that a national law on political parties shall be prepared.
- The substantive and procedural principles of habeas corpus and amparo are explicitly provided for.
- Amendments: The amendment of a single article of the Constitution can be approved by the vote of three-fifths of the members of each of the two chambers in Congress. The amendment will only be included in the text of the Constitution if it is ratified by a popular referendum to take place on the occasion of the first, subsequent election to be held.
- A procedure is included to bring laws into effect that simplifies the present proceeding.

Executive Branch

- The requirement that a candidate for president must "belong to the Roman Catholic and Apostolic Church" is eliminated.
- The term of office of the president shall be for four years, and he can be reelected once. After a subsequent and immediately following term of office a former president can be reelected to an additional term.
- The president and the vice president shall be elected directly by the people with a simple plurality of votes. For this purpose the territory of the nation shall be

considered a single election district.
- Provision is made in Article 86, Paragraph 3, for the direct and popular election of the intendant of the City of Buenos Aires.
- In case of a declaration of a state of siege, the executive branch will call Congress into session so that, during the following 10 days, it may confirm the state of siege or declare it null and void.
- The executive branch will have power to call for a nonbinding election on matters covered by its powers or those of Congress.
- A special law will determine the number and powers of cabinet ministers.

Judicial Branch

- The Supreme Court of Justice will be composed of the number of ministers provided for in a special law, which will also set forth the organization and manner of functioning of the judicial branch under a system of autarchical powers.
- This Constitution will continue to be in effect even when, because of a violent action of whatever nature, it is no longer being observed.
- Those who shall order, consent to, or carry out actions of this kind shall be considered infamous betrayers of the constitutional order.

Arsianian: Possibility of a Plebiscite

Minister of Justice Leon Arsianian said that, "It is possible that a plebiscite will be held on the reform of the Constitution before the end of 1992." He stated that "There still is no official decision" on this matter.

Asked about the proposal of the Radical Civic Union [UCR] on including a prime minister in the government, Arsianian repeated the words of the president, who said he was in favor of a presidential type of government. Arsianian stated: "We respect and agree with that decision."

Roberto Garcia

After receiving the proposed constitutional reform from jurists of the PJ, Roberto Garcia predicted that a plenary session of the National Council of the party would be called into session on 23 June to analyze the contents of the proposed reform. Once the reform proposal is approved, the National Council will decide on calling the party congress into session to make a definitive judgment on it.

Garcia stated: "The council is going to analyze this proposal, which is the result of hard and difficult work. It will consider approving it as is or with possible changes and later submit it for the party congress's consideration."

In response to a reporter's question, he added that calling the National Council of the party into session on 23 June shows "that as far as the Justicialist Party is concerned, the reform of the Constitution has no connection with the results of the election for senator in Buenos Aires," which he defined as "one more among all of the elections that are going to be held throughout the country."

Eduardo Menem

Meanwhile, Eduardo Menem stated that among jurists, there were no changes to be made regarding whether or not to establish a Ministry of Coordination, because "such a decision was never made by the committee. It simply took the matter under consideration and finally decided not to include it in the proposed reform."

Finally, Eduardo Menem emphasized that the committee that he heads "is not going to be dissolved." Rather, it will continue to advise the National Council of the PJ on the matter. At the same time Roberto Garcia pointed out that, as an organism created by the PJ, the committee "is going to participate in the debates that will be held from now on in the National Council and later at the party congress."

Bolivia

Supreme Court Justice on DEA Agent

PY1607145692 La Paz Radio Fides Network in Spanish 1100 GMT 16 Jul 92

[Excerpt] Supreme Court Justice Ernesto Poppe Zubieta has said that people who commit crimes in Bolivia must be tried in Bolivia. He added: I want to emphasize this fact, in view of the condemnable acts perpetrated by DEA agents and the U.S. ambassador, who are excessively arrogant, because the Bolivian Government is too weak.

[Begin Poppe recording] I am, and have always been, opposed to extradition because people who commit a crime in Bolivia, whether a criminal, a Bolivian, or a foreigner, must be tried under our own laws and by our own judges. What I really question is whether [words indistinct] DEA agent. This is inconceivable. A DEA agent cannot have diplomatic status simply because he is a U.S. citizen. We recognize the diplomatic status of U.S. Government envoys and representatives, but not of the agents operating in Bolivia. [end recording] [passage omitted]

Coca Growers Want U.S. Ambassador's Removal

PY1607141392 La Paz Radio Fides Network in Spanish 1100 GMT 16 Jul 92

[Excerpt] [passage omitted] Leader (Edo Morales) took the initiative to begin a campaign in Cochabamba to collect the signatures of all local citizens and request that DEA agents and the U.S. ambassador leave Bolivia. This was one of the first resolutions adopted during the coca growers congress being held in Cochabamba.

In the opinion of the peasant leaders, all these abusive acts are the result of U.S. meddling. As a result, they demand that DEA agents and the U.S. ambassador be

expelled from the country because their presence acts against national sovereignty. This request is also supported by the Bolivian Labor Federation [COB], as leader (Quito Tarqui)—who is in Cochabamba as COB's representative at the coca growers congress—said:

[Begin (Tarqui) recording] [Word indistinct], above all in the tropical region of Cochabamba and the rest of the country. For some time, DEA agents have been participating directly in UMOPAR [Rural Area Police Patrol Unit] operations. Several comrades and young ladies, for example, have reported that the agents pulled them out of bed, even if they were undressed, and arrested them. There also has been much abuse in the bombing of the roads built by our comrades. Lately, there has been news that the DEA agents flee after badly treating our comrades.

I also must tell you that in Bolivia, our sovereignty and dignity are not being respected. The U.S. ambassador [word indistinct] constantly [word indistinct] church say we are liars. However, they are the liars. In this country everything comprises the Bolivian people. The Bolivian people are offended by the militarization by the U.S. troops [as heard], which is disguised as alleged civic actions in the country.

For this reason, the COB has publicly requested that the U.S. ambassador be expelled from Bolivia so that he learns to respect the dignity of our country. [end recording]

The coca growers congress is supposed to end tomorrow. [passage omitted]

MacLean Criticized for Defending U.S. Forces

PY1607131692 La Paz Radio Fides Network in Spanish 1100 GMT 16 Jul 92

[Text] The foreign minister has been harshly criticized for defending the U.S. forces at Santa Ana de Yacuma. Although the Bolivian people believe U.S. penetration of Beni territory is offensive, Foreign Minister Ronaldo MacLean Abaroa thinks it is beneficial because it is translated into the transfer of technology and equipment, which is useful for the country.

What does Oscar Eid Franco, national leader of the Movement of the Revolutionary Left, say on the issue?

[Begin Eid recording] I believe his explanation was not satisfactory. It is as if he advised us to make the best of the situation. I believe we should handle the issue better. This is not a serious or satisfactory attitude. [end recording]

The Interior Ministry adds its protest to the wave of complaints against the U.S. troops and points out that we cannot allow Beni to become a nuclear dumping site [as heard]. Interior Under Secretary Marco Antonio Oviedo said:

[Begin Oviedo recording] Today, a commission comprised of journalists, congressmen, and executive branch officials has gone to the site where the U.S. troops are (?to check precisely what is requiring clarification). As an executive branch member, I must emphatically clarify that there is no nuclear waste in the national territory,... [recording ends abruptly]

Brazil

Collor Presents Fiscal Reform Bill to Nation

PY1707005192 Rio de Janeiro Rede Globo Television in Portuguese 2256 GMT 16 Jul 92

[Speech by President Fernando Collor to the nation from the Planalto Palace in Brasilia—recorded]

[Text] Last week I brought to you the excellent news about the agreement reached on the foreign debt with the creditor banks. This was a very important event which will help us to retake economic growth which is so necessary to improve the living conditions of all Brazilians.

I am returning again tonight to talk about an issue vital to our future: the fiscal reform proposal which the government submitted to Congress. Before anything else, I would like to say that the reform will have a great meaning for the people who pay taxes, people who demand that the taxes be transformed into better public services, better education, health, security, transportation, and housing.

The fiscal reform is the crown of an entire process for Brazilian modernization which has as its bases the privatization program, the liberalization of our economy, the recovery of our exchange reserves, the protection of children through the CIAC [Integrated Center for Assitance to Children], and the state reform. This process represents, above all, an end to inflation. Brazil needs to grow, and it will grow again. In the last few years our roads have deteriorated, the quality of public schools has decreased, the quality of teaching decreased in the universities, science and technology projects did not have the necessary funds, the programs of energy, irrigation, and telecommunications lost their impulse, and hospitals were in chaos.

And what is the cause of these evils, countrymen? The answer is clear: the state, the union, lost its ability to invest. In other words, the money collected was not enough to fulfill its obligations. Therefore, it is necessary to recover that ability by increasing public and private savings, and by seeking to attract foreign capital which will help to retake development. With the adjustment of its debt with foreign creditors Brazil was able to recover its credit before the international financial community.

Therefore, if we are able to balance our domestic accounts, if we are able to implement the fiscal reform, and if we are able to strengthen the securities of the stable rules of the economy, we will be able to stimulate private internal and external savings into investing again in the country. The balance of the public accounts along

with the rational use of spending will make the state spend less than it collects, thus being able to invest that difference between what it collected and what it will spend—that is, the surplus which can be invested in the infrastructure of the social area will benefit the entire Brazilian population.

I can assure you that within a very short time Brazil will grow again by getting out of the recession, creating wealth and jobs, and mainly paying the large social debt that has existed for centuries.

Countrymen, what will the fiscal reform be? How will it affect your daily lives? in Brazil, we now have a very complicated tax structure—complicated and unjust—an excessive number of taxes that favor tax evaders, and those who speculate, and punish those who produce, and work. We will change that, and we will make people be respected. The essence of the problem is simple: only a few pay taxes, and they pay too much. Some figures clearly show this problem. Of the 61 million Brazilians who make up our economically active population, that is, of the 61 million people who really work, only 7 million contribute to the personal income tax system. In the case of companies this relationship is even more dramatic. More than 2 million companies contribute to the income tax system, but only 55,000 pay taxes for 80 percent of the companies.

Countrymen, with the fiscal reform we will create a situation by which everyone will pay so that each of us can pay less. I would like to explain each aspect of the fiscal reform objective so that all of you can understand the benefits that it will bring to our daily lives.

Our objectives with the fiscal reform are: First, simplify taxes, which means fewer types of taxes, less forms, and less mandatory information. Second, promote fiscal justice, which means to ease the tax burden on the low income taxpayers; in other words, those who earn less pay less; prevent legal imperfections from allowing those in the high income brackets from paying less taxes, that is, those who earn more pay more. Third, incorporate the informal sector into the economy, which means that all will have the opportunity to integrate themselves into the organized system of the economy, stimulate people to become conscientious of being taxpayers; taxes are our allies to improve the standard of living of everyone, enlarge the basis of taxpayers, because when we all pay, we all pay less. Fourth, fight tax evasion, which means to improve the tax collection system. Less bureaucracy to facilitate the life of taxpayers, more effective control, makes tax evasion a high risk behavior. Fifth, reduce taxes on production, which means valuing work. Less taxes on the payroll means more jobs, and better salaries; stimulating production is an investment by cooperating in restarting economic growth. With these five objectives of the fiscal reform we should be able to improve the competitiveness of our economy, and the services the government provides in the social area. But our final objective, countrymen, is to consolidate the process of modernization of the Brazilian state by eliminating the public deficit—spending more than is collected—once and for all. This is the way to defeat the most powerful focus of inflation pressure on our economy.

We will reduce the number of taxes, we will reduce the number of taxes from the current 22 to only nine, and by doing that we will help to end the worse and more unjust tax of all: inflation. Countrymen, inflation is cruel because it strongly affects the poor who have no way to protect themselves. In addition, inflation disorganizes production, discourages investment, corrodes salaries, creates unemployment, and hurts economic growth.

I have here a very significant chart that shows the relationship between the public deficit and inflation. [points to chart] It is easy to see that until 1990 the growth of the inflation rate, represented by the yellow line, was parallel to the worsening of the public deficit, represented by the columns in the lower part of the chart.

When I was inaugurated, the deficit predicted was $36 billion, in other words, more than one-third of the foreign debt would be added to the government debt in only one year. Look at those last columns on the right. The reduction in inflation achieved under my administration was only possible because we were able to transform the public deficit from 1990 into a surplus. This is something we are achieving with great sacrifices, month by month, year by year. When there is deficit and the government prints money to cover that deficit, this new money, countrymen, becomes a disguised tax because it feeds inflation which in turn devalues money.

We have already made great progress, but we still have a long way to go. We cannot create a deficit again, we cannot spend more than what we collect, we cannot continue to operate with interest rates as high as the corrent ones. This is why the fiscal reform cannot be postponed, because it will prevent the return of the deficit, it will definitely balance the government accounts, it will help us to fight inflation, and to retake growth. The money we carry in our pockets will have value again, the businessmen will again invest to create more jobs, salaries will have a real increase with a greater demand for manual labor, and with better salaries workers will be able to buy more and to improve their standards of living.

Countrymen, I ask workers, businessmen, housewives to learn about the fiscal reform bill, because doing so is essential for our future. In a recent public opinion poll it became clear that Brazilians have already awakened to this problem; 58 percent of those surveyed agreed that the economy will only improve when we change our tax system, and 82 percent said that taxes in Brazil are too high.

The fiscal reform bill we sent to Congress is the result of studies that took months to complete. The suggestions and good ideas of workers, businessmen, politicians, and specialists were heard, they are included in the bill. As I said, it is important that everyone be informed on such an important and urgent issue to convey to the senators

and deputies their concern so that this reform bill is approved as soon as possible.

I am confident that Congress will work hard to study this bill because it knows the urgent need of Brazilian society to have a more just system. The fiscal reform is part of a package of measures that is quite coherent. The first stage of these measures, which was adopted after I was inaugurated, stopped with strong measures the inflationary process that was threatening everything and everyone with serious risks for the country. The second stage was to identify the structural causes of inflation and to eliminate them, because it is dangerous to depend on a plan which in the long run only fights inflation's effects and makes the inflationary process become more violent. Among the causes, the most relevant was the public deficit, which is a growing chronic distortion that made public savings negative by restricting investments.

It is imperative to rethink the role of the state, adjust it to its exact size, and stop the huge drain caused by the domestic debt service, that is, removing the onerous interests and adjustments.

In the final analysis, by strictly and strongly preparing privatization, wasteful and deficit-laden state assets are exchanged for a substantial portion of our domestic debt.

We pinpointed the structural reforms that are indispensable for the modernization of the country's productive structure. And we sent to Congress basic proposals such as the constitutional amendments which create incentives welcoming foreign companies, and change some union monopolies, and several draft bills such as the informatics law, modernization of the ports, patents, a national program to change the structure of the state, the new agricultural law, the financing and social security benefits law, the rent law, the law that punishes illegal enrichment in public office, and the regulations for public biddings, among other proposals. Most of them have already been approved or are in the final stage of evaluation.

Brazil's reintegration into the international financial community, my friends, is already guaranteed. We reached agreements with the IMF, the Paris Club, and recently, as you may remember, with the private creditor banks.

Therefore, foreign savings are again an indispensable complement to the effort of the greatly demanded and urgent domestic investments.

And, finally, as a culmination of this process, fiscal reform. With fiscal reform, we will recover public savings and, consequently, the ability to invest, removing forever, I pray to God, the public deficit.

With everyone's help, we will say yes to development and better salaries and will say yes to employment.

Therefore, the password is resumption of development with social justice.

My friends, Brazil must continue to advance rapidly so that the economic and social problems of millions of Brazilians are eased.

The government's attitude, as everyone knows, is to continue working, and working hard.

We will end with bureaucratic strongholds. We will modernize—because you, Brazilian citizens, have a right to receive better service from the state. The fiscal reform represents a decisive and powerful tool for this to happen.

God will help us in this task.

Good evening.

Collor Criticizes CPI Questioning of Acioli

PY1707033092 Rio de Janeiro O GLOBO in Portuguese 16 Jul 92 p 5

[Excerpts] Brasilia—In another note sent yesterday to Presidential Press Secretary Pedro Luiz Rodrigues, President Collor termed as a violence and a cruelty the testimony by Secretary Ana Acioli before the Congressional Investigating Committee [CPI] that is hearing the Paulo Cesar Farias, alias PC, case. This was Collor's first direct attack against the CPI that is investigating PC's influence in the government. In a series of 11 notes written in 15 days, Collor charged the existence of a "coup association" that seeks to destabilize the government. [passage omitted]

Collor's note reads:

"Planalto Palace, 15 July 1992

"Pedro Luiz:

"I am concerned about Ana's health, especially after the violence perpetrated by those who forced her to testify when she was recovering from a delicate delivery.

"According to what I have been told, this was a cruel action against a mother and a woman!

"I pray to God for the recovery of her physical and emotional health. Neither she, nor anyone else in her condition, deserves such treatment.

"F. Collor."

PC's Secretary Cites Deposit in Bank Account

PY1607212492 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 16 Jul 92

[Text] The secretary of businessman Paulo Cesar Farias [PC], Rosinete de Carvalho Melanias, confirmed that she deposited money in the account of President Fernando Collor's secretary Ana Acioli. Rosinete is now testifying before the CPI [Congressional Investigating Committee].

First, Rosinete explained that she had been on leave in the United States since 13 June and asserted that she had not been forced to leave the country, nor was she summoned to testify before the CPI. Questioned by coordinator Amir Lando, Rosinete said she has worked for PC for the last six years. First, she worked at the Participacoes e Construcoes Enterprise, EPC, when she participated in the presidential campaign, and then at Brasil-Jet, where she now works as a secretary.

She confirmed to the CPI that she had PC's complete confidence. She said that she was responsible for depositing and withdrawing PC's money in his account at the Sudameris Bank office in Maceio four years ago, and that she has power of attorney to represent PC in many operations. She added, however, that she has not used this power of attorney for a year.

Regarding PC's telephone calls to President Collor, Rosinete said she has never witnessed any. She added that, at least once, PC told her to deposit money in Acioli's account.

[Begin Rosinete recording] Dr. Paulo Cesar called me up and asked me to make a deposit in Mrs. Ana Acioli's account, but I do not know exactly when this occurred nor how much was deposited. He merely asked me to do it, but this happened only once. [end recording]

Marques Gets Promise of More Foreign Investment

PY1607152292 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 16 Jul 92

[Text] Brazilian Economy Minister Marcilio Marques Moreira met yesterday with representatives of foreign companies operating in Brazil. The minister was quite satisfied with the meeting's outcome. The foreign companies promised to reach unprecedented levels of investment in the country. These companies will invest approximately $2 billion this year alone, an amount the Brazilian Government considers very high.

According to Minister Marques, the foreign businessmen made it clear that nowadays they can work and invest with greater confidence in the future. The minister said that investors now have greater faith in Brazil:

[Begin Marques recording] They told me that in Brazil, to a greater extent than in other Latin American countries, they actually can conduct microeconomic reforms. That is, reforms at the company level, which will prepare the country for a major turnabout very soon. [end recording]

During the eighties, foreign investments in Brazil averaged $300 million per year, investments rose to $400 million in 1990, and were $700 million in 1992. This year, foreign investments already stand at $750 million after just six months.

Cesium-137 Capsule En Route to Sao Paulo

PY1607191092 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 16 Jul 92

[Excerpts] The operation to withdraw a Cesium-137 capsule from the equipment where it was installed, and which was kept in a downtown Porto Alegre warehouse for 20 years, has begun. The radioactive material will be taken to Sao Paulo. The capsule was part of a machine used to measure the density of mud dredged from rivers. The equipment was purchased in 1972 with two dredging barges imported from the Netherlands but was never used. The operation lasted one hour and was coordinated by National Commission for Nuclear Energy [CNEN] experts from Rio de Janeiro. They said the material had been stored in adequate conditions and the radiation gauge indicated that the radiation level was below that permitted by the international rules. [passage omitted]

The CNEN experts collected 15 more radiation sources in Porto Alegre. They were stored in the Rio Grande do Sul Federal University and had been used mostly by hospitals.

All the material will be taken to the Energy and Nuclear Research Institute in Sao Paulo, where it will be analyzed. The truck trip to Sao Paulo will take two to three days.

Chile

Foxley Reports on Agreements Signed With EEC

PY1607143292 Santiago Radio Chilena Network in Spanish 1100 GMT 16 Jul 92

[Report by Maria Angelica Rodriguez from Brussels]

[Excerpts] [passage omitted] After a meeting between President Aylwin and EEC President Jacques Delors, Chilean Finance Minister Alejandro Foxley reported that it has been decided to establish a mixed EEC-Chilean commission to study trade issues and the general perspectives of the relations between the two parties, as well as a high-level technical agricultural group. [passage omitted]

Foxley added that the possibility of establishing a free trade agreement between the EEC and Chile was ruled out because there is a long list of countries that want to join or associate with the EEC. Foxley said the creation of this commission will allow the two parties to discuss non-tariff barriers that, among other things, make it difficult to place Chilean fruit exports in Europe.

Foxley reported that several financing agreements were signed to finance a state decentralization and administration program, to help in further democratization and participation in Chile, to develop tourism, and to prevent and combat drug abuse. The minister also announced that a development program for the northern

Chilean regions, especially Arica and Iquique, is ready for approval. [passage omitted]

More on Viera-Gallo's Resignation From PPD

PY1507184492 Santiago Radio Chilena Network in Spanish 1700 GMT 15 Jul 92

[Excerpt] Deputy Jose Antonio Viera-Gallo, president of the Chamber of Deputies, today publicly announced his official resignation from the PPD [Party for Democracy] and his decision to work exclusively for the Socialist Party [PS]. Viera-Gallo read to the media his letter to the PPD Political Committee explaining that one of the main reasons for making this decision was that the PPD has decided to follow its own path rather than to strengthen its ties with the PS.

In the letter he says that the natural thing should have been that the two parties adopt a common political stance with his help, something that would have allowed the participation of other political movements. In the final paragraph of his letter Viera-Gallo stated that his estrangement from the PPD does not mean he will forget the idea that the PPD and the PS might join a progressive political group capable of leading the political process. After reading his resignation letter, Viera-Gallo made some statements saying that it was a difficult decision and not an opportunistic one. [passage omitted]

Aylwin Visits Paris; Holds Talks in Brussels

WA1407134892

For reportage on the visit by President Patricio Aylwin to Europe, including reports on his talks with French President Francois Mitterrand and EEC President Jacques Delors, please see the France and International Affairs sections of the 13, 15, and 17 July West Europe DAILY REPORT and subsequent issues.

Colombia

Gaviria Opens Bilateral Ministerial Meeting

PA1607211892 Caracas Venezolana de Television Network in Spanish 1600 GMT 16 Jul 92

[Text] The third Colombian-Venezuelan ministerial meeting got under way today in Santa Fe de Bogota, Colombia, to analyze various aspects of bilateral relations, Andean integration, and the negotiations of the Group of Three.

The fact that Colombian President Cesar Gaviria opened the meeting highlights its importance. The second meeting, held in Venezuela in March, made it possible to formulate regulations for the Colombian-Venezuelan automobile sector, and establish a closer relationship between the public and private sectors of the two countries.

Businessmen, Congressmen Debate Value-Added Tax

PA1707013892 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1630 GMT 16 Jul 92

[Report by Lucho Parra and Adriana Ayala]

[Text] A spirited legal debate began on 16 July on whether or not it is legal to charge an early value-added tax [VAT], especially when the law states that tax readjustments will go into effect in January 1993.

Some businessmen and restaurant owners are opposed to paying the VAT so soon. Some lawyers have already filed four lawsuits against the tax reform law at the Constitutional Court.

The 12 percent VAT ordered by the government as of 1 July 1992 on stores, restaurants, and other businesses is unconstitutional. It was introduced in the tax reform law without bearing in mind the serious repercussions it would have on the country's economy, according to the National Federation of Businessmen, who also announced an avalanche of lawsuits against the law that established the early VAT charges.

[Begin recording, Sabas Pretelt, chairman of the National Federation of Businessmen, Fenalco] The government decree is illegal. We believe the government is going a little too far. It has already succeeded in getting its tax reform law and now wants to impose it on us as of 1 July 1992. I want to remind the government of what Fenalco founder Mr. Lorenzo Otero said when these abuses were committed by the tax office. He used to tell the finance ministers: It is okay to drink the milk, but do not milk our calves. We are experiencing the same thing today. The government passes a law, then regulates it, making it tougher on taxpayers. [end recording]

Lawsuits are being filed against the validity of the tax reforms. Four lawsuits against the tax reform law have been filed at the Constitutional Court. Various lawyers have asked the court to declare unconstitutional Law No. 6 of 1992, which imposes more taxes on Colombians.

Lawyer Eduardo La Verde filed a lawsuit against the entire tax reform law after finding out that the wrong procedure was followed to get it approved. According to La Verde, the tax reform procedures did not meet the requirements established by Congress.

Hernan Gil Echeverry believes Articles 24 and 25 of the tax reform law are unconstitutional because it is illegal to charge the VAT on professional services such as legal services.

Two other lawsuits claiming the tax reform law is unconstitutional were filed by former Constituent Assembly member Luis Guillermo Nieto and Lawyer Luis Carlos Sachica.

Despite the lawsuits, Rodrigo Garavito, one of the promoters of the tax reform law in Congress, said on 16

July that the law did in fact include provisions for an increase in the VAT starting in July, especially the 12 percent increase.

Congress did in fact authorize the charging of the VAT as of 1 July 1992, according to Congressman Rodrigo Garavito, who said Article 476, no. 3 of the tax reform law clearly establishes which goods are taxed and which are not when applying the 12 percent VAT. He said that beginning on 1 January 1993 the 12 percent VAT will be increased to 14 percent.

[Begin Garavito recording] Everything that is not listed as an exclusion is subject to the 12 percent tax. The 2 percent increase will be made as of 1 January 1993. [end recording]

We also heard a statement by financial institution representatives regarding the charging of a higher VAT in July. According to the ANIF [National Association of Financial Institutions], the spirit of the law is that the VAT will be increased in January, not now.

The ANIF also announced its position regarding this year's VAT increase. ANIF President Javier Fernandez said the government and Congress' commitment to the tax reform was quite different.

[Begin Fernandez recording] It took financial institutions by surprise and I would say it took the entire economy by surprise because the congressional discussions had made it clear to all taxpayers that the VAT increase would go into effect in January 1993. [end recording]

* Tax Reform Impact on Foreign Investment Noted

* Comparative Disadvantage

92SM0470A Santa Fe de Bogota EL TIEMPO in Spanish 11 Jun 92 p 12A

[Text] National investors will not be the only ones doomed by the tax reform. The way the proposed text stands now, there is clear discrimination against foreign investors, as well.

With the new tax reform, foreign companies located in Colombia will be facing a tax rate of 50.8 percent, well above that of other countries that are vying with ours to attract foreign capital.

This is serious, not only for foreign companies already established in Colombia, but also because it could affect future decisions on projects to be developed in our country.

The proposed tax reform that is making the rounds in Congress establishes a basic income tax rate of 30 percent and a temporary surcharge of 25 percent, for a total of 37.5 percent. This rate must be paid by both national and foreign investors.

But in addition to this, foreign companies have to pay a tax on dividends or remittances that runs as high as 19 percent of the profits paid out abroad. This would make the Colombian tax rate for foreign investors over 50.8 percent.

Counter to the Plan

"The Peaceful Revolution" development plan devised by Gaviria's administration regards foreign investment as a key factor for increasing the economy's growth rate and the country's competitiveness abroad and as a factor in transferring technology.

A few days ago, while introducing documents on the subject of foreign investment, President Gaviria warned that if Colombia wanted to achieve greater development, it should try to raise foreign investment from .5 percent of GDP to 3 percent a year, or in other words an increase of six times of what it is now.

The proposed tax reform initially presented to Congress by the government eliminated the tax on remittances of profits abroad,and included only a 17 percent surcharge on the income tax. In this way, both national and foreign investors would be taxed at the rate of 35.1 percent.

While in Congress, the reform underwent substantial changes, which experts say will adversely affect new flows of foreign capital to the country and any growth in domestic private investment.

During legislative proceedings, the basic rate was kept at 30 percent; the surcharge increased to 25 percent, and the tax on remittances was retained. All of this was for the purpose of offsetting fiscally the planned reduction in the VAT from 18 to 14 percent.

Yesterday the National Association of Industrialists [ANDI] lodged serious objections to the proposed reform of the income tax, as it believes that over and above the 25 percent surcharge, the system of integral adjustments for inflation will entail a further increase in confiscatory taxes for industry.

In ANDI's view, the industrial sector will see its tax burden increase tremendously in the coming years, which could eliminate incentives for retrofitting and affect the openness model based on greater competitiveness.

Discriminatory Figures

With a basic rate of 30 percent, a surcharge of 25 percent, and a remittance tax of 19 percent, the effective tax rate in Colombia would be 50.8 percent.

In the case of the oil industry, the taxes would be even higher because there is an additional tax of 600 pesos per barrel of oil produced and there are royalties to be paid to the country.

A preliminary calculation indicates that of the total income produced by the oil industry, Colombia would keep 88 percent through taxes, assessments, and royalties.

The situation in Colombia compares unfavorably with other countries: In Argentina, an average rate of 20 percent is applied to foreign investors; in Brazil, a foreign investor pays the same 30 percent rate as local industrialists.

Our country is at a particular disadvantage when we compare it with Mexico and Venezuela, countries with which we are trying to establish a free trade zone, the Group of Three (G-3).

In addition to the fact that Venezuela does not have a value-added tax (which is 12 to 14 percent in Colombia), its general tax rate is 30 percent, while in Mexico there is also a general rate of 35 percent. In our country, it is more than 50 percent.

According to the figures of the Bank of the Republic, investment in Colombia as of December 1991, not including oil, was recorded at $3,500 million, or $230 million more than at the end of 1990.

In February 1991 (the latest figures published in the Bank's review), investment went down to $3,457 million.

There are a number of factors that a foreign investor takes into account in determining where to place an investment. Two relatively important factors are taxes and security.

But there is another factor that an investor considers when making this decision, and that is how he compares with local investors.

When the local producer has tax advantages over a foreigner, the latter loses a competitive edge, and this can keep him out of the domestic market.

Colombia at a Disadvantage vis-a-vis Venezuela and Mexico

"The Peaceful Revolution" development plan is based on private investment, and foreign investment is a key part of this. This idea has been repeated by the government and by President Gaviria in both national and international forums.

According to experts, the current tax proposal is discriminatory against direct foreign investment and goes against concepts of equality in the Constitution (Articles 100 and 363) and the country's current policy to promote foreign investment.

The proposal initially presented by the government eliminated the tax on remittances, so that our country would become more attractive to foreign investors than other countries in Latin America and Asia. Elimination of the tax on remittances would cost about 20,000 million pesos, a marginal figure in comparison with total tax receipts.

The 25 percent surcharge on the income tax cannot be credited at the main offices of the parent companies, so the real return on foreign investment declines in Colombia.

In the past 10 years, there have been various changes in tax regulations governing foreign investment, which introduces an additional element of instability and insecurity for investors.

Foreign investment in Colombia is very low (it is not even 1 percent of GDP [gross domestic product]), and it is much lower than in other countries at a similar stage of development. For instance, in Singapore, foreign investment accounts for 11 percent of GDP.

With the taxes established in the reform going through Congress, Colombia will be left out of the foreign investment market and at a serious disadvantage vis-a-vis Venezuela and Mexico.

* Tax To 'Scare Away' Investors

92SM0470B Santa Fe de Bogota EL TIEMPO in Spanish 13 Jun 92 p 4B

[Text] The National Association of Industrialists said yesterday that it was unfortunate that at a time when the government is trying to attract foreign investors, it is "frightening them away" by changing the rules of the game and raising taxes to levels above those in other Latin American countries.

In a press release, the association indicated that it does not regard the treatment to be accorded foreign investors under the tax reform as appropriate, because they will be paying much higher taxes than they are at present.

Aside from having to pay an income tax of 30 percent and a surcharge of 25 percent, they will also have to pay an average 15 percent tax on remittances.

According to ANDI, this means that a foreign investor will not be paying 37.5 percent in taxes, but 48 percent. "This discrimination is a threat to the country, if we compare our taxes with those prevailing in other Latin American countries."

The average tax rate applied to foreign investors in the region is 34 percent, which implies that Colombia will be left with a comparative disadvantage.

Venezuela's taxes, for instance, are at 30 percent; Chile's are at 35; Uruguay's at 30; Paraguay's at 37; and Mexico's at 30. Only Brazil, which has already initiated a process to reduce taxes, has a higher tax rate, 47.3 percent, but it is still less than what Colombia will have.

The association indicated that for the oil sector, the situation is even more dramatic. While the average tax rate is less than 80 percent, Colombia will have "the highly dubious honor of occupying first place, with taxes nearing 88 percent." This will be the case because the reform approved at the plenary session of the Chamber

of Representatives established a special contribution of 600 pesos per barrel of crude.

ANDI maintains that not only will this affect foreign companies established in the country, but it will also jeopardize Colombia's economic growth.

The press release said that the decision to apply higher taxes to foreign investors represented a further obstacle to attracting investors, who are not easily lured to the country because of the constant waves of insecurity and violence afflicting it.

The association of industrialists regretted the curb on inflows of capital and technology caused by this measure, as they are vital for the internationalization policy to which the current government is committed.

It stated in conclusion that: "Colombia cannot turn its back on this situation because if it is difficult to attract foreign investment, it may be virtually impossible to recover it once it has been lost."

Peru

Lima Car Bombs Leave 13 Dead, Over 100 Injured

Police Station Attacked

PA1707044192 Lima Radio Programas del Peru Network in Spanish 0306 GMT 17 Jul 92

[Text] Ismael Byron Horna reports from a mobile unit:

[Horna] A policeman has been wounded as a result of an attack by presumed subversives against the police station at San Gabriel, Villa Maria del Triunfo. A police report we received moments ago states that 12 subversive elements reportedly attacked the police station causing considerable damage.

A large police contingent, supported by the Army and armored vehicles, are guarding the entire area of San Gabriel. Raids are also being carried out to find the perpetrators of this attack.

The commercial center, or rather the Mas Supermarket of Miraflores, located on Benavides Avenue, was also reportedly attacked by subversive elements. We will have more information for you soon.

[Announcer] (Gonzalo Iguasaqui) has additional information from another mobile unit:

[(Iguasaqui)] I am reporting directly from the intersection of Alcanfores and Tarata Streets, Miraflores District, where one of the car bombs was found. It is presumed that there is another one that failed to explode at the intersection of El Arco and Benavides Streets. The police are clearing the area to rule out that it indeed is a car bomb.

Dr. Pedro Cordoba, the trial judge currently on duty, already has arrived at the scene. He is preparing reports on the three bodies found in this area. The first one was identified as 33-year-old Elio Armas, security supervisor at the Bank of Credit. The judge will now take a look at a third body, because the second one, who has not yet been identified by name, was a car washer who worked at the Mas Supermarket parking lot. The unfortunate car washer was virtually crushed by the chassis of the car bomb that threw him about 20 meters away.

The judge is now taking a look at the third body. We are now near him, the body is at the intersection of Alcanfores and Tarata Streets. It is the body of a man and it is in the worst shape of the ones we have seen although one of the legs of the security guard was severed. This is truly a hellish sight.

The firefighters are evacuating the people trapped in the buildings that were destroyed. Some people are making signals with flashlights. The firefighters are using tower ladders to evacuate the residents of an eight-story building at this moment. The judge is approaching the third body, which is in a sorry state; one of its legs was severed or mutilated, and it is seminude due to the blast. Officer, could you confirm that three casualties were found in the area?

[Unidentified officer] Only three as of now. We are looking for other casualties.

[(Iguasaqui)] Could there be more inside the buildings?

[Officer] That is possible; it is possible there are more casualties in the buildings in addition to others that have already been taken to the hospitals.

[(Iguasaqui)] What information do you have from the judge on duty?

[Officer] I am working with...

[(Iguasaqui interrupting)] With the doctor, that is correct. However, what information do you have? Have there been attacks in other areas?

[Officer] Apparently there have been attacks in other areas.

[(Iguasaqui)] The judge is issuing instructions to remove the rubble from a building that prevents the identification of the last body discovered. We have been asked to leave the area, because of the danger. The body is covered with blood. We must stay away so as not to interrupt the judge, who is working with the police and firefighters. Right now they are evacuating a woman whose face is also covered with blood. She was inside a building and was injured by glass.

The rescue teams are now removing the rubble. The body of the unfortunate pedestrian is completely covered with blood, obviously he suffered many injuries from the splinters. It was a terrible explosion, and the picture we have before us is really horrifying. The body is being turned over to see if the victim carried any identification.

The judge is now approaching the body while more reinforcements and firefighters arrive. A few minutes ago the chief firefighter told us they need additional units. There are two here right now, one from Salvadora Lima No. 10, and another one from Miraflores, who are trying to evacuate the persons trapped inside the building. Two buildings were completely destroyed at the intersection between Taratas and Alcanfore in Miraflores.

We can also see some water hoses. A fireman told us there is not enough water to control the fire that broke out in two buildings. More cars are trying to approach the buildings to evacuate the injured persons who have been rescued.

We will now transmit from another point, as we understand that there are other mobile units. We will remain here with Judge Pedro Cordoba and will report later on the victims that have been found at the site of the car bomb explosion here in Miraflores.

[Announcer] Thank you (Gonzalo). We will now hear a report by Mabel Valenzuela, from another mobile unit.

[Valenzuela] We are at the intersection of Benavides Avenue and Alcanfores. At this time we can see that many injured people are being evacuated from the building we mentioned before which is located between Tarata and Alcanfores, from where (Gonzalo Iguasaqui) is reporting. We must report that the Fire Department's medical unit has already transferred more than 100 injured persons to the emergency room at the Casimiro Ulloa Hospital.

Commercial establishments and some supermarkets are closing their doors and trying to keep the people away from the buildings. This is very important, because many curious people are arriving at El Arco and Benavides Avenues.

As (Gonzalo) reported, so far we have seen three fatalities. However, firefighters and police are searching the building where many families lived, whose apartments were completely destroyed. We can see that the walls collapsed, and that many residents, including children, are trying to recover some of their clothes and belongings. We will continue reporting from Miraflores.

More on Car Bomb

PA1707130892 Lima Panamericana Television Network in Spanish 1200 GMT 17 Jul 92

[Text] The 16 July attack in Miraflores has caused anger, confusion, astonishment, and indignation. Subversives detonated three car bombs last night in the center of Miraflores District in Lima. According to the most recent count, that irrational action has killed 13, wounded over 100 persons—many of them seriously—and has caused heavy damage. In addition, hundreds of residents have lost all their belongings. The scene in Miraflores was terrible yesterday: Apartments were left open and walls had collapsed. It is as if the front of the buildings suddenly had been removed. This is the result of insane, brutal, and savage terrorist actions. At least three buildings on the Alcanfores and Tarata corner will have to be torn down. In addition, over 300 houses have been damaged seriously, and 60 vehicles were crushed by falling debris.

Last night seditious groups also attacked the Callao police station, and at dawn on 17 July they destroyed the temporary installations of the Villa El Salvador police post. Eight officers were injured seriously in the attack.

State of Emergency Extended 60 Days in Apurimac

PA1607182992 Lima Radio Programas del Peru Network in Spanish 1800 GMT 16 Jul 92

[Text] The state of emergency has been extended 60 days in Apurimac Department at the request of the Armed Forces Joint Command, which will continue to be in charge of internal control in the area. The state of emergency has been extended to facilitate counterterrorist operations.

Further Fujimori Comments on National Dialogue

PA1607160192 Lima Panamericana Television Network in Spanish 1200 GMT 16 Jul 92

[Text] Peruvian President Alberto Fujimori swore in the first urban self-defense group ever created in Lima during his 16 July visit to Huaycan in Atevitarte District. President Fujimori also walked the streets of Cerro San Cosme and spoke with reporters about the current political situation.

In Huaycan, Fujimori invited the self-defense group members to do their duty faithfully for the sake of peace and reiterated that only through the combined efforts of the people and the Armed Forces can the terrorists be definitively defeated.

[Begin recording] [Unidentified person] Do you swear, in the name of the homeland, to obey faithfully the statutes and regulations of our people for the peace, justice, and development of Huaycan? [group members answer: We do.]

[Fujimori] You represent Peru's true source of wealth and strength. You, the members of the self-defense committee, represent and symbolize the link between the forces of order and society, fighting together against the fanatics of death and destruction. Just as the Gonzalez Prada secondary school symbolizes the pledge between Huaycan and my government—a pledge made in 1990 when I initiated in Huaycan the runoff electoral campaign that led us to power—the event I presided over today must stand for the final victory over terrorism in Lima. This is going to be the victory of life over the advocates of death, the fanatics of death, whom the people of Huaycan have succeeded in isolating and evicting. [end recording]

Fujimori later visited the Army's Academic Center, which celebrated an anniversary on 16 July. At the end

of the visit, Fujimori said the absence of some parties from the dialogue called for by his government does not constitute an obstacle to the process of change. He said that, if necessary, he will consult the party's rank and file to learn what each sector thinks.

[Begin recording] [Unidentified reporter] Has there been any progress or a solution regarding the extradition of Brian Jensen?

[Fujimori] This is a slow procedure. We are relying on the Costa Rican Government's cooperation. Of course, we are determined to bring as many criminals as possible to Peru who have harmed the country in one way or another.

[Reporter] Some people are demanding the extradition of former President Alan Garcia in connection with the Bank of Credit and Commerce International bribery. Will your government honor that request?

[Fujimori] Of course, provided there is a sound legal basis. We stand for total moralization.

[Reporter] An electoral regulation proposal has been presented. Have you studied it? What do you think of it?

[Fujimori] No, I have not had time to study it; therefore, I cannot express an opinion.

[Reporter] You said something very important: You said you would wait for the political parties invited to the national dialogue to state their views so the electoral process can be regulated by a decree. The American Revolutionary Popular Alliance and the Popular Action Party, however, have insisted that they will not participate in the dialogue. Will your government promulgate the decree anyway?

[Fujimori] Of course. In fact, most of the political parties have already said they will participate. Leaders of some parties have not participated in the dialogue. Although their lack of participation somewhat diminishes the direct contact, it does not stand in the way of enacting the decree on the framework for the Constituent Congress. Moreover, there are other ways to consult party members; that is to say, to ask the rank and file directly. I could consult the Aprista Youth, for instance. I am sure there are spokesmen who can convey the party's opinion. In particular, I wish to address myself to the young people of those parties. I am sure they agree that a change is needed. [end recording]

Fujimori then spoke to the Huaycan people.

[Begin Fujimori recording] You have had other types of visitors who left you with [words indistinct]. I was told they stayed 15 minutes. I will be stubborn and stay half an hour, but not to [words indistinct]. In all sincerity, I want to help you. I want to complete the second story of that building over there. So I am sending you 8,000 bricks [applause], 300 bags of cement [applause], 600 tin sheets, and windowpanes, which you will install yourselves. [applause] [end recording]

Army Kills 80 Shining Path Members in Huallaga

PY1607230092

[Editorial Report] Lima LA REPUBLICA in Spanish publishes on 28 June on pages 12 through 15 of its Sunday supplement a 2000-word article by Monica Vecco in which she reports that the Huallaga Front security forces carried out "a major action against the Shining Path organization" in Huallaga, the world's largest coca growing area. She says that the Army prevented the terrorists from taking over Juanjui, in a desperate effort to deploy new coca growing zones in central Huallaga, because the Upper Huallaga is going through a serious crisis caused by the drop in coca prices and a devastation of coca plantations by a strange fungus. She notes that between 17 and 19 June the Huallaga Front thwarted a number of terrorist attacks in Tingo Maria, Rioja, Tocache, and Huanuco Provinces scheduled to celebrate the "day of heroism."

She reports that the major incident occurred in Crisnejas, 20 km north of Uchiza, where the Army clashed with a column of 200 Shining Path terrorists heading for central Huallaga. The forces killed 80 subversives and seized weapons, bombs, communications equipment, documents, and a notebook describing the operations of the Shining Path "popular committees." She says that the documents revealed that the terrorists "try to control Punta Arenas, Campanilla and Huicungo, in central Huallagua, which are the new drug trade centers." She adds that the organizations that control the drug trade are determined to prevent the entry of subversives into the area, but that the Shining Path organization needs the narcodollars to support their "popular war."

Venezuela

Perez Comments on Importance of Attending Summit

PA1607192492 Caracas Venezolana de Television Network in Spanish 1600 GMT 16 Jul 92

[Text] The Senate will decide this afternoon whether it will authorize President Carlos Andres' trip to Spain to attend the Ibero-American Summit. The matter is being studied by the foreign policies commission in accordance with the unanimous decision reached during the 15 July session. Regarding the trip to Spain, President Perez said his commitment is to Venezuela, and he will abide by the Senate's decision. However, the president said he considers the Ibero-American Summit to be a very momentous event and believes Venezuela should be present.

[Begin Perez recording] Venezuela is my challenge: My challenge is to carry out the difficult but indispensable program that I have set out to accomplish, which I will undoubtedly complete by the time I turn over the administration on 2 February 1994.

The Ibero-American Summit is a pledge by the Venezuelan nation; it is not President Perez' commitment.

Furthermore, when I came to power, Venezuela had already agreed to attend the summit, therefore it is the country's commitment. [applause] [end recording]

In his usual Thursday radio network address, President Perez offered overwhelming arguments on the need for his trip to Spain. He said that trade, cultural, and social relations will be expanded there, in addition to development programs for Ibero-American countries.

On another subject, Perez expressed concern about the one million students who flunk school every year in Venezuela and said that the Education Ministry should take steps to correct the problem. He said parents must be made aware of the situation and should pay attention to what their children do. During his visit to Aragua State on 15 July, the president assured that there are sufficient funds to pay government employees, despite the 90 billion bolivares fiscal deficit. The funds will be obtained by issuing treasury bonds.

[Begin Perez recording] This is normal for any country with an organized economy. It is completely untrue that there are insufficient funds to pay government workers. [end recording]

'Unprecedented Crisis' Rules Out Perez Travel

PA1707013792 Caracas Venezolana de Television Network in Spanish 0001 GMT 17 Jul 92

[Text] The Senate has denied President Carlos Andres Perez permission to travel to the Ibero-American Summit in Madrid, Spain, next week. The report issued by the Senate Foreign Policy Commission stated that conditions are not right for this trip.

Senator Ramon J. Velasquez, member of the commission, was the spokesman who announced the decision.

[Begin Velasquez recording] We reviewed the Venezuelan situation carefully and seriously and reached a unanimous decision. In view of the social and financial situation prevailing in the country, we believe the president should be completely attached to his land, to his people, and to his country. His absence would not have created military conflicts or uprisings. We have totally ruled that out; however, the Venezuelan reality is that the social, financial, and economic situation for most Venezuelans has created a state of unprecedented crisis in the country. The presidential seat in Venezuela must be occupied by the head of state, who was elected in the 1988 elections. [end recording]

Deputies Approve Post of Prime Minister

PA1607223892 Caracas Venezolana de Television Network in Spanish 1600 GMT 16 Jul 92

[Text] The Chamber of Deputies has approved the incorporation of provisions for the post of prime minister in the Constitution. The prime minister is to be appointed by the republic's president. In addition, discussion of judicial reforms is scheduled for 16 July.

The Chamber of Deputies approved a total of 12 articles in a continuation of the debate on amendments to the Constitution. Articles 43 to 49 and 51 to 54 were approved. Articles 43 to 49 deal with the functioning of the legislative chambers, while Articles 50 [as heard] to 54 deal with the creation of the post of prime minister. As approved, those articles call for the prime minister to be appointed by the republic's president.

Articles 55 to 61 on the powers and responsibilities of the prime minister were remitted to a drafting commission, which should present a report to the chamber next week for approval.

The chamber also discussed Article 50, banning reelection of the president of the republic, which was also remitted to a drafting commission.

The drafting commission is expected to present the new text of Article 31, on voting for individual candidates, and Article 35, on economic integration agreements, this afternoon.

Interview With Democratic Action Leader Rondon

PA1707041792 Caracas Venezolana de Television Network in Spanish 1600 GMT 17 Jul 92

[Interview with Luis Emilio Rondon, assistant secretary general of the Democratic Action Party, AD, during the "La Noticia Noon Interview" program, by journalist Jenny Silva—live]

[Text] [Silva] We welcome to our program Luis Emilio Rondon, assistant secretary general of the Democratic Action Party [AD]. We will begin the interview with a topic in which the country is very interested: the high-level meeting of the AD National Political Committee to be held in Caracas on 18 July. What is the situation, what is the party's internal status?

[Rondon] Fortunately, this Political Committee meeting will not be traumatic for the party. The main purpose of the meeting is to assign electoral responsibilities for the upcoming elections for governors, mayors, and councilmen. We will authorize regional directorates to make the necessary alliances to strengthen the party's electoral platforms.

There are 257 mayors in the country, so it is impossible to make decisions from the center. We must encourage the process of regionalizing power. We will also hear a report from comrade President of the Republic Carlos Andres Perez, who will update the party's National Directorate on efforts being made to overcome the crisis currently affecting the government and the main things being done to correct some of the structures that are still deficient, particularly from the economic point of view. It will be a quiet meeting of internal cooperation, during which we will update some of our plans and programs for the final phase or second half of 1992.

[Silva] How does the AD feel about the next elections, taking into consideration that this is a very difficult period, particularly because of the economic changes that have taken place in the nation and the effects that the change of pattern have had on the population? Of course, this will cost the AD politically. How will the AD face this situation?

[Rondon] We have been very frank about this. Economic changes were necessary because we developed a profound economic transformation program to open the Venezuelan economy, which was very dependent and highly protected by the state at a very high cost. The drop in international oil prices and its weakening effect on the national economic apparatus has caused some imbalance and inequality in the national economy, which of course affects us all, particularly the downtrodden, who mostly feel the effects of the economic adjustments. But those changes were necessary. There was no other option and the government implemented a plan to overcome the situation.

The president and the economic team have announced that the most difficult part of the adjustment plan is over. But the imbalance continues because things must settle down according to circumstances and market conditions. We knew that structural changes would cause some differences within the party. We know they have a high political cost. But they were necessary. Sometimes one must make drastic, difficult, and unpopular decisions, but the government's responsibility should prevail over demagoguery, populism, and fleeting popularity that fades when the state infrastructure is weakened.

Very important accomplishments have been made during this government period. First, structural factors responsible for the country's macroeconomic deficiencies were corrected. An unusual transition of power occurred, from the standpoint of Venezuela's centrist and presidentially minded tradition. By encouraging the regionalization of power through the election of governors, mayors, and councilmen, each community was given the opportunity to elect directly its regional leaders without any interference. For the first time in this democratic experiment of 34 years, this opened opportunities for all parties: there are governors from the Movement Toward Socialism, from the Social Christian Party, from the AD, and from the Radical Cause....

[Silva, interrupting] It has had results?

[Rondon] This confirms that regional integration is fundamental to develop democracy. Also, we had the traumatic experiences of social rebellions in February 1989 and on 4 February 1992 that impacted the Venezuelan consciousness and showed that our democratic system is still strong enough to overcome difficult situations, and that we can improve it. We know and are aware that mistakes have been made, that we have failed to do certain things, that we are not yet satisfied with our democracy in terms of what it should be like, and that these problems must be corrected. We are doing just that.

This is why our party is optimistic. It knows it has fulfilled its duties and realizes that it must be much more careful when making commitments. The people are different than those of 1936 or 1945, who were satisfied with very little. People today are assessing messages and taking into account the seriousness of the messengers. We have earned a reputation as a serious party that has had to comply with its duties in turbulent times.

[Silva] You said that democracy has been promoted but we see, for example, that things are still happening. We see, for example, that the media published a proclamation by Chavez from his jail cell; that, for example, while boarding a bus after court Bracamonte said: The Bolivarian country will triumph. We also see, for example, that on 15 July—and the press reported on this on 16 July—Arturo Uslar Pietri pointed out during a seminar at the Simon Bolivar University that should President Perez fail to resign in three months, a sergeant will be in the Miraflores Presidential Palace. What is your opinion?

[Rondon] There is a very dangerous reversion of democratic values that is very dangerous to the country's future. As a member of the new generation of Venezuelans—who have grown up in these times—I was only one year old then and of course did not suffer the abuses of the dictatorship personally in 1958. Ever since its collapse, my entire upbringing has been in a democratic atmosphere. I learned that one of the main values we should promote permanently is that of credibility in the system.

I do not understand why certain media are playing the destabilization game to favor their very particular interests. They believe that in doing so they will increase their control over situations that are not directly within their reach. The classical Marxist theory of division of labor must be imposed not because we are Marxist or anything like that but because we believe each person has a role to fulfill in society. The media have an essential duty and a very important responsibility. They must inform the citizens, report abuses, and transmit positive news.

But lately the media has been sowing pessimism, which is not a Venezuelan characteristic. No one believes in anyone else anymore. When someone asks you for the time, the first thing you do is go on the alert, to find out their real intention, and so on.

All of that has been slackening solidarity and the behavior of Venezuelan society, and we must work on to rebuild it. I do not know what good it does Arturo Uslar Pietri to say that if the president does not resign, in less than three months a sergeant will take over Miraflores Presidential Palace.

The president is not there merely because he feels like it. The president is there because the people went to the

polls in 1988 and elected him in a democratic manner for a five-year term. If the president has that responsibility, he must fulfill it. What we have to do is to demand that he look after certain things, that he be more careful when he adopts some decisions that affect the nation, that he correct some things. Nonetheless, he cannot neglect his basic duties and his democratic commitment, which is to rule all of us.

Later there will be an opportunity to evaluate his administration. The elections are around the corner. They will establish....

[Silva, interrupting] The elections are the best way to protest.

[Rondon] That is the most perfect means for evaluating things in a democracy. Let the people say if they are pleased, if they are happy with what is being done, or if they are dissatisfied. In addition, dissatisfaction is natural....

[Silva, interrupting] Look, Luis Emilio, the people are waiting for Congress to approve the direct, individual vote. The people believe in that. In fact, opinion polls reveal the people want to vote....

[Rondon, interrupting] For someone specifically?

[Silva] Yes, for someone specifically. The people do not want to have to wait for five years to ask their president, city mayor, governor, or deputy why they did not fulfill their duties. The people want to be able to call them by their names, and they know for whom they voted. What is going to happen in Congress? The people want to know.

[Rondon] Lots of progress has been made on the issue of the direct, individual vote. Before, governors were hand picked. Now they are chosen by name in their individual states. By the way, there are now 22 states. Two are new: Delta Amacuro has become a state, and the Amazonas Federal Territory, whose statehood is being discussed in the Senate. Very soon, it will be approved as a state. Each one of those governors is elected by direct, individual vote.

The country's 257 mayors are elected by a direct, individual vote, by name specifically. What are we missing? The collegiate organizations [organismos colegiados]; the deputies in Congress, the deputies to the legislative assemblies of those 22 states, and the council members. [sentence as heard]

There is still fear among many members of the political community who feel the need to protect themselves in party slates. In this manner, many people who do not have enough popular support go by unnoticed, protected by the party slate, and they are able to join these legislative bodies.

[Silva] Do you share that fear?

[Rondon] No, I believe that we must encourage that link between the voter and the candidates. I am not at all afraid of competing in a district with another group of politicians who are running for office. If I do not win in such an election, then that is what democracy is all about. Democracy means fair competition. The rule of the politician must be permanently endorsed by what the people think.

It is very easy for me at this time to be elected a deputy from an anonymous group of people who have no direct connection to me, who elected me from a slate in which I was among 10, 12, or 13 deputies. In such a case representation is diluted and the connection disappears. I agree with you and I believe that one of the basic elements is to establish the direct, individual vote.

At this time, the suffrage law calls for a mixed formula. The minority parties waged a very strong campaign, accompanied by the Social Christian Party [COPEI], to fight the concept of the direct, individual vote, which is what AD proposed. They accused us of trying to eliminate minority representation and they said we wanted to be like the Mexican Institutional Revolutionary Party, an absolutist party. We worked it out so it would be determined there is no sectarianism. It was decided that in this initial phase toward the direct, individual vote, we would apply a mixed system whereby half of the deputies were elected by circuit for the legislative assemblies and the Congress, while the other half will be elected by slates so that the minorities can be represented.

As you well know, in a system of direct, individual vote, only one can be elected. If the AD candidate wins throughout the country, there would be only AD representatives in Congress. That must also be considered to maintain the representation of all political parties, which is one of the basic characteristics of Venezuelan democracy.

The situation goes a little further in the case of the municipal councils, with the establishment of a system by which two-thirds, 66 percent of the council, will be elected by direct vote. One-third will be left to minority representatives. This is a very important step because the municipal council is the basic nucleus of an organized society and a political society. It is very important for you, as a member of the community, to know who represents your interests and who....

[Silva, interrupting] Of course, and who I can hold accountable in the future.

[Rondon] Yes, because one of the problems that has contributed to the deterioration of our quality of life is the poor public services we receive.

[Silva] That has worked against the political sector. It has kept such a tight grasp on political power and has not allowed the representatives direct contact with the people they represent and for whose interests they must look out.

[Rondon] That is why the people at that level of authority say they have had it with politicians. They see this group of people who only look out for their own interests. This is because their responsibility in this area has not been clearly established. I believe you can say that. This needs to be corrected, and the only way to do so is the way you mentioned: by creating a direct connection between the citizen and the elected official, who will exercise his mandate by way of his name. Thus, if the official does not do a good job, he or she will be replaced in the next election.

[Silva] There is one more issue here to end this interview....[pauses] well, two very brief things. The first is regarding President Perez' trip to Spain. AD has said it is not approprite for him to go, but the Senate is studying the possibility. What will AD's position be if the Senate approves the request?

[Rondon] That is a difficult issue for me in particular, because I am a specialist in international law and policy. This makes me rather sensitive to the international political and economic integration process. At the same time, however, I am the party's National Executive Committee [CEN] spokesperson and....

[Silva, interrupting] A rather dangerous situation, no doubt. [laughs]

[Rondon] I am not making a personal statement, but stating the CEN decision. In the same way a crisis occurred when the government requested permission for the president to travel to the environmental summit in Rio de Janeiro, which is when COPEI left the government, creating more instability—even though that was just an excuse, but COPEI used it to leave the government. We believe, however, after lengthy deliberations, that the president should stay here while constitutional reform and sensitive issues are being raised; issues such as the mandate recall referendum or a provision to cut President Carlos Andres Perez' term short.

We have called on the country to reach a national agreement, which must be led by the president. It is true that his trip would be very brief. I mean, it is just for two or three days and he would be spending more time on a plane coming and going. We must also realize that it is a shame that Venezuela will not be present at such an important meeting, when guys who have discredited the democratic system will be allowed, such as dictator Fujimori or the Haitian dictator, to wave their national flags at a democratic forum such as the Ibero-American Summit in Madrid. Now, we have not made this a definitive state problem. We have allowed the Senate to study the request and make the appropriate decision. If the Senate....

[Silva, interrupting] The Senate has passed it on to the Foreign Policy Commission.

[Rondon] To the Foreign Policy Commission, which is chaired by AD Senator Octavio Lepage. They will make their evaluation. If the Senate finds it advantageous for the president to travel, then there would be no reason for the other political forces and the AD to reconsider their position. We have said that for that to happen there must be a political consensus or else there will be a premature electoral confrontation, with political problems between the AD and COPEI organizations. This would be disadvantageous for the future of the laws we are discussing, particularly in the economic area.

We have said there must be a political consensus so that no one is left grumbling about the need for the president to fulfill his constitutional duty. The constitution not only obliges him to request the Senate's permission, it also obliges him, as a fundamental duty, to meet the responsibility of directing the nation's foreign policy. It is the president, then, who must exercise that role as the main leader and conductor of our foreign policy. I hope that this contradiction is resolved favorably in the Senate discussions.

[Silva] Luis Emilio, thank you for being with us.

[Rondon] Thank you. It is always a pleasure.

* Politicians Criticize Minister Pinerua

92SM0459A Caracas EL UNIVERSAL in Spanish Section 1, 4 Jun 92 p 12

[Article by Carmen Carrillo: "Pinerua Has Not Measured Up to Expectations"]

[Text] In the opinion of Venezuelan politicians and parliamentarians, Luis Pinerua Ordaz, or the "copresident," as some call him, has not measured up to the expectations that existed when he took over the Interior Ministry.

MAS [Movement Toward Socialism] representative Luis Manuel Esculpi said that Pinerua has been dropped from the list of the corrupt and added to the list of the guerrilla fighters.

Aristobulo Isturiz, a La Causa R deputy, has commented that the level of collective frustration caused by the activities of the minister of interior cannot be measured.

"The people had high expectations of him, basically as a harsh opponent of corruption. Now this priority has been replaced, and he has become the strong man of repression."

He added that the most notorious case in which Pinerua clashed with corruption was his battle with Mayor Claudio Fermin in connection with the investigation on the sidewalks.

In the opinion of Isturiz, it is more important for Pinerua to combat corruption than subversion, because, he says, what is subversive here is the adjustment program, the actions of President Carlos Andres Perez, and the dismissal of civil service employees.

The second in command of the AD [Democratic Action] parliamentary group, Pedro Tabata Guzman, on the contrary, believes that Luis Pinerua Ordaz is doing the right thing. This parliamentarian notes that Pinerua has devoted himself actively to facing up to all that is happening, as if he were a prime minister in a special situation like that the country is experiencing.

He believes that he has, in addition, attempted to find points of agreement among the various sectors of society.

"The things which could be described as negative seem minimal when compared with the entirely magnificent effort he has made as minister of interior."

Gustavo Tarre Briceno, the head of the COPEI [Social Christian Party] campaign staff, maintains that the appointment of Pinerua to Interior created great expectations. This was because it was presumed that he would deal with the lists of the corrupt whose maneuvers he has been denouncing for a long time.

"It would suffice for Minister Pinerua to address those individuals who clearly have assets which could not have been paid for out of the income they had as government employees, or did have, in order to force them to reveal the source of these assets."

This official was asked if, in his view, Pinerua was simply confused.

He said that with regard to corruption, he had no doubt that this was the case.

Concerning the steps taken to control demonstrations, he did not wish to make any judgment. He would only comment that one does not really know if the magnitude of repression was consistent with the magnitude of the disturbances.

Dissatisfaction

Bernardo Horande, a New Democratic Generation parliamentarian, says that Luis Pinerua Ordaz has not measured up to the expectations the people had of him when he took over the Interior Ministry.

"We believe that a large number of individuals should have been identified as corrupt, but the Carmelitas official has only taken action in the Bandagro [Agricultural-Livestock Development Bank] case, while the congressional investigations are now rather well-advanced."

In the area of possible factors tending to destabilize the government, Horande believes that the minister has indeed acted correctly. In his view, it is not a question of simple protests by the people, but rather, it is clear that some factors in all the protests are being promoted by subversive elements.

Great Effort Needed

Another parliamentarian who describes Pinerua's task at the Interior Ministry as titanic is Jesus Valderrama, an Independent Popular Force deputy.

He says that the Carmelitas official has centered his interest on the problem, but the support of all the political forces is needed.

"The minister must make an even greater effort to make sure that what he does is consistent with what he says."

The former leader of the MAS [Movement Toward Socialism] parliamentary group, Luis Manuel Esculpi, agrees with the rest of the leaders surveyed that Pinerua's actions have not measured up to the expectations created.

"Everyone hoped that he would seek consensus. I believe that he has remained rooted in the decade of the 1960's. Great interest was aroused by the presumption that he would publicize the list of corrupt individuals. But it seems as if he abandoned it and substituted a list of the guerrilla fighters for it."

Conclusion

The fact is, it would seem, that the politicians think the problem of combating corruption is more important than the problems of inadequate security and stability from which the country is suffering.

But no concern is being shown about the fact that a kilogram of meat now costs almost 400 bolivares, about the dismissal of thousands of civil-service employees, or about the problem of poor public services.

It is a fact that these three problems are very difficult ones, yet not even an inch of space is allocated to them by the mass media.

* Poll Results Highlight Economic Concerns

92SM0459B Caracas EL NACIONAL in Spanish Section D 31 May 92 p 2

[Report on Eco Omnimagen survey in Caracas by Victor Manuel Reinoso: "Economy Worse Than a Year Ago, 85.6 Percent Say"]

[Text] Eco Omnimagen, a firm supported by private business subscriptions and headed by Reinaldo Casanova, carried out an ongoing opinion poll among 500 Caracas residents in March and April of 1992. The results showed that the vast majority of the citizens sampled have pessimistic expectations with regard to the Venezuelan economy. This is especially true of the individuals in the socioeconomic categories D and E, in other words, those in the worst economic situations.

The survey was carried out in the Federal District and the municipalities of Sucre and Baruta in the State of Miranda. The sample population ranged in age from 18 to 50 and over and included university professors, high-level technicians, graduate and undergraduate students, salespersons, secretaries and clerks, pensioners, unemployed individuals, and housewives.

In the opinion of 85.6 percent of these citizens of Caracas, the economy is worse than it was a year ago.

and only 11.2 percent believe that it will improve in the next six months. A majority of them, 76 percent, have no hope that their own situations will improve, while 77 percent believe that the cost of living will continue to increase. Given this picture, more than half of those interviewed do not intend to make any new investments or sell any assets within the next few months. Of those interviewed, 36.6 percent plan to continue with their present employment or activity, while 14 percent intend to seek an additional activity to supplement their financial resources.

When asked about financial institutions, 66.2 percent named the Cisneros Group as the strongest and most solid in the country, with 34.2 percent naming the Bank of Venezuela, and 20.8 percent naming Provincial. The latter two institutions also were named as those inspiring most confidence (24.6 percent and 24.4 percent, respectively).

The economic groups mentioned by those surveyed included Vollmer, Phelps, Mendoza, Electricidad de Caracas [Electricity of Caracas], Polar, and Cisneros. The banks mentioned were Venezolano de Credito [Venezuelan Credit], Union, Latinoamericano de Seguros [Latin American Insurance], Consolidado, Mercantil, Provincial, and Banvenez.

In general, the survey revealed confidence in the country's financial institutions. Only 27 percent of those questioned mentioned having heard rumors about financial institutions with problems.

Lack of confidence in the economy explains the fact that 81.4 percent of those interviewed believe the value of the dollar will increase within the next two or three months, and 52.6 percent believe that interest rates will rise, while passive rates and stock market shares will remain the same or will increase in value.

This last opinion is ambiguous, because 74.2 percent of the people said they do not know what type of transactions are completed on the Caracas Stock Market.

When asked about investments, 56.6 percent of those questioned said that the safest thing is investment in real estate or other durable goods. On the subject of direct investments, 38.6 percent of the people prefer fixed-term deposits, in which connection the Provincial and Venezuela Banks were mentioned by 24.4 percent and 21 percent, respectively.

[Box, p 2]

Critical Government Situation

The men and women in the Caracas metropolitan area see the current government situation as critical, with 80.8 percent stating that government action has deteriorated as compared with that last year. It is described as bad by 60.6 percent, and 49.6 percent believe that it will continue to deteriorate in the next six months.

Of those who expressed this opinion, 54 percent are in the E category.

The principal problem in the eyes of 45.2 percent of the people is corruption. This is the opinion of 66.7 percent of the individuals in the AB category, i.e., those with the greatest economic capacity. In second place they ranked the cost of living (22.8 percent), and in third, the lack of personal safety (10.6 percent).

Recent good actions by the government mentioned were the privatization of the hotels (45.8 percent) and the free-trade treaty with the Andean countries (46.2 percent). The actions receiving the most criticism were the president's trips abroad (80.2 percent), the suspension of guarantees (85 percent), censorship of the media (87 percent), and student searches and arrests (93 percent). Those interviewed went to the extreme of criticizing the privatization of Viasa and the CANTV [National Telephone Company of Venezuela] and the presence of the police and the military in the streets.

When asked about public services, those questioned gave good marks to urban sanitation (47 percent), electricity (72.6 percent), and gas (67.4 percent). In the bad category, they mentioned telephone service (57 percent, with the percentage increasing with the rise in socioeconomic level), street maintenance (58.8 percent), police protection and personal safety (72.4 percent), and social security (67 percent). Public lighting, postal service, and urban transportation were described as acceptable, although the last item was described as good by 49 percent of those in the E category, which included 30 percent of the sampling.

[Box, p 2]

Popularity of Officials

The approval ratings based on the recent actions by associations and institutions, as well as leading personalities, were as follows: Catholic Church, 48.2 percent; universities, 45.6 percent; communications media, 54.4 percent; and government leaders, 47.2 percent. As to individual support of leading personalities, Arturo Uslar Pietri was the leading choice of 69.6 percent of those surveyed, Commander Hugo Chavez of 61 percent, Rafael Caldera of 54 percent, and Jose Vicente Rangel of 54.3 percent. The heaviest criticism was reserved for the political parties (77 percent) and the Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry], the CTV [Confederation of Venezuelan Workers], and the trade unions (54.8 percent). Those criticized among the leading figures were Carlos Andres Perez [CAP] (68 percent) and Eduardo Fernandez (54.8 percent).

Of the individuals surveyed, 69.6 percent believe that another coup will be attempted in the coming months. However, this does not mean that they want this, because 60.8 percent believe that the best political system for Venezuela today would be a democracy with more economic control by the government than there is at present. In other words, the opposite of what the government is proposing.

The majority of those interviewed approve of the various emergency solutions proposed to resolve the crisis, and they also support the measures announced by President Carlos Andres Perez. However, few believe that these measures will be carried out.

All of the amendments to the Constitution of the nation were approved by a large number of those interviewed. Notable among these was the popular referendum (70.4 percent), shortening the presidential term of office to four years (68.2 percent), and immediate reelection of the president (65.6 percent). If Perez were to resign, those questioned would choose Rafael Caldera (18.6 percent) and Arturo Uslar Pietri (13.4 percent), among others, as his replacement.

Civic protests like the "cacerolazo" have the approval of 82.25 percent of those questioned, since this is a way of expressing the discontent of the people to the government (61.3 percent) in a safe and peaceful fashion (32.6 percent).

If the elections to choose the president, governors, and mayors were held next Sunday, there would be a high level of abstention because a little more than half of those interviewed would not vote.

In any case, based on the preferences of both those who indicated their readiness to vote and those who would potentially abstain, the three individuals most favored for the Presidency were Rafael Caldera (20 percent), Arturo Uslar Pietri (7.8 percent), and Hugo Chavez (7.4 percent). When asked if they would vote for CAP, 29 percent said they never would. And although 19.8 percent rejected Eduardo Fernandez as a candidate, 16.4 percent said they would vote for the COPEI [Social Christian Party]. It was made clear by 40.2 percent of those interviewed that they do not want to vote for any political party, while 10.8 percent said they did not know, and 5 percent said they would not vote. Only 0.8 percent said that they would vote for a military figure, and the same percentage said they would vote for leftist parties. Causa R [R Cause] was favored by 2.8 percent, R. Caldera by 3 percent, the Independent Party by 5 percent, the MAS [Movement Toward Socialism] by 5.6 percent, and the AD [Democratic Action] by 8 percent.

[Box, p 2]

Indecision on Mayors, Governors

When those in the sampling were asked what candidate they preferred for the mayoral and gubernatorial posts in the area in which they reside, a high percentage were undecided.

Of the Caracas residents, 34.21 percent would not know whom to choose for governor. Only 4.89 percent named Antonio Ledezma, while 56.4 percent termed his current actions routine, bad, or very bad.

In Miranda, there was an even higher percentage of undecided voters; 46.15 percent would not know for whom to vote for governor. Although only 13.68 percent named the current governor, Arnaldo Arocha, as their candidate, 62.4 percent expressed the view that his administration has been positive.

Of the citizens of Caracas, 36.09 percent would not know whom to choose for mayor. Claudio Fermin, the most popular choice, was picked by 7.52 percent, while 61.3 percent of the residents of Caracas described his activities to date as negative.

For the post of mayor of Sucre, 37.96 percent of the residents favored no candidate, while 26.85 percent mentioned Enrique Mendoza, and 57.5 percent described his current administration as positive.

Only 5.5 percent of those questioned wanted Gloria Capriles to return as mayor of Baruta, and half of the residents of this municipality said they did not know for whom to vote. Opinions on the administration of the present mayoress were divided, with 46.1 percent saying their impression was a good one, while 50 percent expressed the opposite view.